

The Internationalisation of Food and Drink SMEs: Towards a Recipe for Success

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Declaration

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STATEMENT 1

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Abstract

This research provides an investigation of the critical success factors of SME internationalisation within the food and drink industry. Since the seminal works of the Uppsala scholars (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977), SME internationalisation has developed as a field in recent decades with numerous studies investigating different theories across a range of industries and locations. The purpose of this study is to contribute to research in this field by investigating specific issues for food and drink SMEs, as there is an increasing need to focus research on specific research contexts (Fillis, 2008). Considering the close associations that exist between food and place (Tregear, 2001), the role of place is incorporated with traditional theories of SME internationalisation in a conceptual framework designed to reflect the critical success factors of food and drink SME internationalisation.

A mixed methods study, both quantitative and qualitative methods were used to gather and analyse data from food and drink producers in two independent phases. Wales and Brittany were chosen as case studies for this study, with both regions sharing cultural and geographical characteristics as regions where the food and drink industry is a prominent part of the economy. Findings of the study highlight that most companies, regardless of size and location, have the ability to internationalise, provided that the conditions for internationalisation are supportive for companies that wish to do so. The study identifies 4 company types that describe companies in relation to their international activities, ranging from improbable exporters to proactive exporters. Findings of the study culminate in the creation of two models, which outline the conditions required for internationalisation and the process in which a company can develop international activities through awareness and networks.

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List of Abbreviations

AOC: *Appellation d'Origine Contrôlée*

ARA: Actors, Resources, Activities

BSE: Bovine Spongiform Encephalopathy

COO: Country-of-Origin

ENSR: European Network for SME Research

EU: European Union

GI: Geographic Indication

HR: Human Resources

ICT: Information and Communications Technology

IE: International Entrepreneurship

INV: International New Ventures

KMO: Kaiser-Meyer-Olkin

LEADER: *Liaison Entre Actions de Développement de l'Economie Rurale*

MBV: Market-Based View

MNE: Multinational Enterprise

NAFTA: North American Free Trade Agreement

NBV: Network-Based View

OECD: Organisation for Economic Co-operation and Development

PCA: Principal Components Analysis

PDO: Protected Destination of Origin

PGI: Protected Geographical Indication

R&D: Research and Development

RBV: Resource-Based View

SME: Small and Medium-Sized Enterprise

VRIN: Valuable, Rare, Inimitable and Non-substitutable

WTO: World Trade Organisation

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Chapter 1: Introduction

This chapter presents the rationale behind this study, as well as providing a relevant contextual background with the aim of underlining the importance of this study on SME internationalisation in the food and drink industry. Additionally, the aims and research questions of the study are explained, key terms are defined and an overview of the thesis structure is documented.

1.1 Rationale to the Study

The rationale for this study is threefold: contextual, theoretical and methodological. This chapter provides a contextual rationale for the study, whereas the main theoretical discussions are undertaken in chapters 2, 3 and 4, and the main methodological rationale presented in chapters 5 and 6. A summary of the various reasons is outlined in table 1.1 below, with each rationale discussed hereafter.

Table 1.1: Various rationale for this study

Rationale	Explanation
Contextual	Globalisation has brought increasing opportunities for companies, even SMEs, to internationalise due to interconnectivity. With the trend of regionalisation, countries are working closer together on trade, with trade blocs, such as the EU, enabling tariff-free trade to occur. SMEs are important, as they represent 99% of businesses in the EU.
Theoretical	Need to examine SME internationalisation in a single industry, particularly the food and drink industry, which has seen little unique research and has its own particularities. The study of two culturally-similar regions is significant and less common for research in this field.
Methodological	Studies call for the need to examine SME internationalisation from a mixed methods approach. Most studies in the field tend to follow a quantitative approach, as do most studies in Business and Management. Mixed methods is an emerging method in its own right and can act to overcome drawbacks of single methods.

1.1.1 Contextual Rationale

We live in an interdependent world where the interconnectivity derived from globalisation is seen more than ever. This is true for food and drink, a recession-proof industry due to the need for people to eat. In an ever-expanding world, where the population is estimated to grow to almost 10 billion people by 2050 (United Nations, 2017), serious questions have been raised over the capacity to feed the world. With growing disparities between more and less developed countries, the need for countries to trade internationally is significant, even for developed countries, such as the UK or USA, which are net importers of goods (Morrison, 2011).

The interconnectivity of globalisation has also brought a greater awareness of world foods, as well as greater access, as foods that we experience on our travels are increasingly more available at home, or expatriates seek home comforts in their adopted countries. This accessibility exacerbates the culture of need for such products, as people seek to import products that meet their needs. Certainly, globalisation has facilitated the possibility for international trade and made imports more accessible for many. The growing trend of regionalisation, the tendency for countries to cooperate with other countries in the same region most evident in trading blocs such as NAFTA or the European Union, encourages trade to occur freely through the removal of barriers, as countries seek mutual benefits from trade. Import and export is facilitated in this way through easier access to these markets, with the close proximity making these markets more attractive than those further afield.

As globalisation and international trade develop, so too does the need to understand how firms behave in foreign markets. As a result, internationalisation has seen increasing research in past decades (Sousa *et al.*, 2008). Representing 99% of all firms in the European Union

(European Commission, 2016), small and medium-sized enterprises (SMEs) are seen as the backbone of several economies, upon which many jobs are dependent. Thanks to the aforementioned global marketplace, opportunities are more prominent than ever for smaller firms to compete internationally, supporting growth.

1.1.2 Theoretical Rationale

The study of SME internationalisation is not a new phenomenon, in fact it is an area that has seen consistent research in recent decades since the seminal work of the Uppsala scholars in the mid-1970s (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977). Indeed, research in this field has spanned numerous industries, countries and evolved over a period of great change in technology and opportunities. The vast variety of studies in the field serve as a reminder of the importance of the context of each particular study, whether this be specific to an industry, market or distinct theme. Certainly, Fillis (2008) recognises the need for more industry-specific research within SME internationalisation. It is right, therefore, for this study to focus on a relatively untouched area of research, that is an exploratory analysis of the internationalisation of SMEs in the food and drink industry.

Although SME internationalisation has seen extensive research in past decades (see chapters 2, 3 and 4 for a detailed discussion), this study allows for more recent issues to be taken into consideration within a changing environment. Another important issue for this study is the focus of the case studies on Wales and Brittany, two regions that share cultural and geographical similarities. SME internationalisation studies based on one or two specific markets are less common, with previous studies tending to favour multi-industry and multi-market approaches. As a result, results drawn from this study provide a more focused outlook of the critical success factors for international growth among food and drink SMEs. The food

and drink industry is extremely valuable to both regions within the study, as the economies of both regions are greatly dependent on their agri-food sectors.

1.1.3 Methodological Rationale

A third rationale for this study is related to the methodology. The majority of studies on SME internationalisation are recognised as favouring a quantitative approach. In a review of 52 studies on SME internationalisation by Sousa et al. (2008), only two studies did not follow a quantitative methodology. None of the studies used mixed methods. As such, calls have been made for more studies on SME internationalisation to follow mixed methods, such as Fillis (2008), who underlines the need for a more pluralistic approach. These findings are in line with that of Cameron and Molina-Azorin (2010), whose review of 2,352 empirical articles in Business and Management highlighted a preference for quantitative methods (76%), although mixed methods were seen to be emerging in the field (14% mixed methods compared to 10% qualitative methods). The researcher recognises the value of mixed methods research for this study, since the complexities of internationalisation could be better explained by gathering and analysing both quantitative and qualitative data (see chapters 5 and 6). This is related to the researcher's pragmatist worldview, that research should follow a methodology that works for the nature of the research.

1.2 Research Background

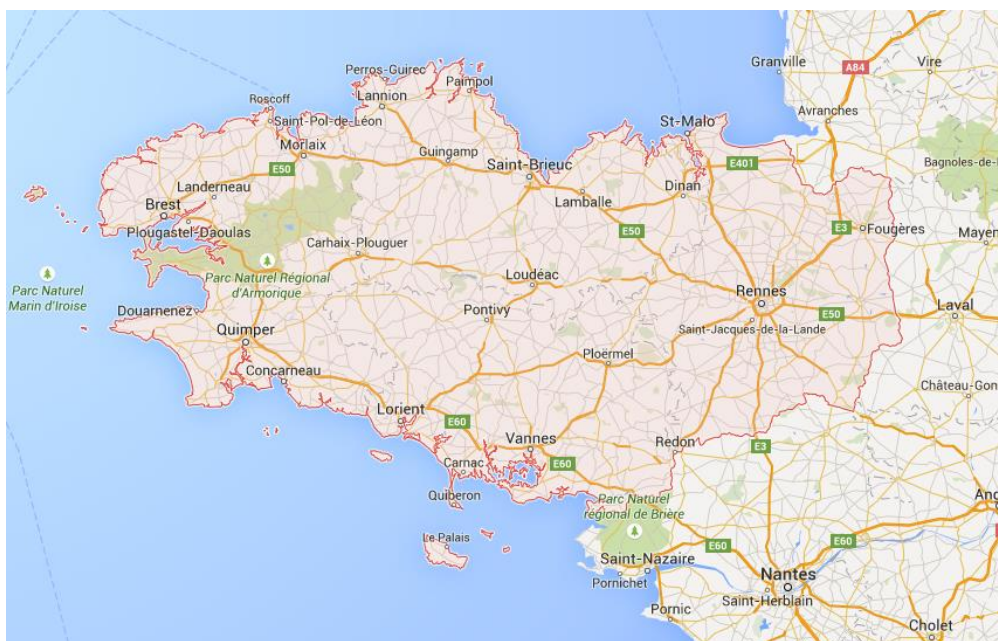
The study focusses on the case studies of Wales and Brittany, with the regions selected due to their cultural and geographical similarities, as well as their close associations with the food and drink industry. Additionally, both regions are significant to the researcher, being originally from Wales, but spending 7 years living in Nantes, the historic capital of Brittany. Wales and Brittany are considered compatible for this study due to their commonalities. Firstly, both

regions are predominantly rural areas with limited transport connections, as can be seen from the maps of each region, shown in Figure 1.1 and Figure 1.2 below, with large areas of rural areas not connected with main roads.

Figure 1.1: Map of Wales



Figure 1.2: Map of Brittany



Both Wales and Brittany are regions within their respective countries that possess a strong cultural identity, of which food is a major element with regional specialities and traditions evident in both locations. As a predominantly rural and mountainous region, Wales is often known for its lamb, whereas food associations with Brittany relate to Galettes and Crêpes (savoury and sweet versions of pancakes), as well as Breton cider. Given the importance of cultural identifications in each region, it is essential that a study of the food industries of the respective regions considers the significance of this role in promoting the industry. Thus, it is the aim of this paper to embed such cultural identities into the study of internationalisation of food and drink SMEs in each location.

Despite the similarities discussed above, distinct differences are evident between the values of the food and drink industry to each region. Brittany is one of the leading food producing regions in Europe, with a turnover of approximately 20bn€ (£17.63bn) (Invest in Bretagne, 2017) compared to £6.1bn in Wales (Food and Drink Wales, 2017). Similarly, the number of people employed in the industry is significantly higher in Brittany at 70,000 employees, compared to 22,100 in Wales. Although lagging behind, the 2014-2020 Action Plan by the Welsh Government sets targets to expand the Welsh food and drink industry to £7bn by 2020 (Welsh Government, 2014). In terms of exports, Brittany remains far ahead of Wales, with international sales worth 4bn€ (approximately £2.9bn) in 2015 (Baldos, 2016) compared to £337.3m in Wales in 2016 (Welsh Government, 2017b).

Both regions see opportunities and challenges in internationalisation. The onset of Brexit, the decision of the United Kingdom to leave the European Union following the 2016 referendum, brings into question the UK's future relationship with the EU single market once the process for leaving the EU is finalised in 2019. As a result, trade between the UK and the EU is not

certain to continue in the same manner, potentially jeopardising the ability of Welsh SMEs to continue to grow in international markets.

1.3 Research Aims and Objectives

The main aim of this study is to investigate the critical success factors of SME internationalisation in the food and drink industry. To do so, a thorough investigation of the drivers and barriers to internationalisation are discussed, considering traditional research in the field of SME internationalisation along with issues related to place. With few studies specifically investigating the specificities of internationalisation in the food and drink industry, this study firstly aims to define and evaluate the key factors that influence internationalisation, before outlining ways in which small businesses can embark on a path to international sales and how they can be supported to do so.

Following mixed methods, the goal is to take a holistic approach in order to fully understand the complexities of internationalisation for small food and drink businesses and develop more industry-specific research to SME internationalisation. Focussing on the food and drink industry, the purpose of the study is to investigate factors related to food and place that have the potential to impact on internationalisation. Research questions for the study have been designed to make contributions to the field, where limited research has been identified. The main research questions of the study are:

RQ1: How significant is the location of a firm in its propensity to internationalise?

RQ2: How significant are diaspora networks in facilitating internationalisation?

RQ3: How significant are external support measures in facilitating SME internationalisation?

RQ4: What are the most significant barriers to SME internationalisation?

RQ5a: How significant is the role of place-based marketing in promoting the internationalisation of food and drink products?

RQ5b: How significant is the use of geographic indications (PDO/PGI) in facilitating internationalisation in food and drink SMEs?

It is evident from the research questions that the study has been designed to contribute to the body of existing knowledge on SME internationalisation, while providing an explicit focus on the food and drink industry, with the development of a conceptual framework for the internationalisation of food and drink SMEs. Additionally, contributions are sought in identifying different types of companies based on their international activities, with the aim of outlining particular support measures that can facilitate internationalisation for the different company types.

1.4 Definitions

At this stage, it is necessary to define certain terms that are significant throughout this study, particularly the meaning of an SME and internationalisation, which are defined below.

1.4.1 SME

A small and medium-sized enterprise (SME) is a company from any sector which does not exceed certain criteria of size. Theories abound as to the main criteria that should be used when defining an SME, with profits, capital, market position, turnover and the number of employees all being suggested as key indicators. The European Commission (European Commission, 2005, p. 5) produced a clear definition for SMEs, which has generally been accepted as standard:

“The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover

not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro”.

Extract of Article 2 of the Annex of Recommendation 2003/361/EC

1.4.2 Internationalisation

The definition of internationalisation is open to interpretation and has been much debated by leading scholars, whose understanding of the term is influenced by their interpretation of the process of internationalisation. Chetty (1999) points to the fact that many of the scholars who support the Stage Approach (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977; Luostarinen, 1979) see internationalisation as the outward growth of a firm's international operations in incremental stages which involves an increasing commitment to international operations. Welch and Luostarinen (1988, p. 36) later supported this idea with their definition of internationalisation as “the process in which firms increase their involvement in international operations...”. Calof and Beamish (1995) argue that the concept of expanding the firm's involvement in foreign markets does not take into account de-investment factors, such as dropping products, foreign divisions or employees in the international operations of the firm, therefore they propose a more comprehensive definition: “the process of adapting firms' operations (strategy, structure, resources, etc.) to international environments” (Calof & Beamish, 1995, p. 116). A broader definition is also provided by Javalgi et al. (2003, p. 186) which seems to summarise internationalisation sufficiently: “a process through which a firm moves from operating solely in its domestic marketplace to international markets”.

1.5 Thesis Structure

Chapter 2 presents a theoretical background to research on SME internationalisation, documenting the development of research in the field since the seminal work of the Uppsala

scholars on the Stage Approach in the mid-1970s, pointing to internationalisation as a series of incremental steps. Subsequently, challenges to the Stage Approach are seen through rapid internationalisation and the emergence of Born Globals, companies that are international from their inception. Additionally, the chapter considers the influence of Network Theory, resources and International Entrepreneurship, as well as discussing a range of drivers and barriers to internationalisation.

Chapter 3 discusses issues relating to place, creating a distinction between location-based issues that affect small businesses in the food and drink industry, as well as considering the role of place as an embedded and socially constructed characteristic closely associated with foods. The chapter highlights the overlap with discussions of chapter 2, particularly the importance of the Resource-based View (RBV) and Barney's (1991) VRIN model, used to highlight the uniqueness of place. Given the close associations seen between food and its place-of-origin, this chapter argues that the use of the particularities of place in marketing food and drink products is significant and merits further attention.

Chapter 4 draws together the theoretical discussions of SME internationalisation and place seen in chapters 2 and 3 respectively, as well as focussing specifically on the few studies of SME internationalisation in the food and drink industry. This culminates in the formulation of a conceptual framework specifically for the internationalisation of food and drink SMEs, which forms the basis of this study. Additionally, this chapter confirms the research questions of this study, derived from gaps in the literature, which outlines the contribution of this study.

Chapter 5 documents the methods employed in this study, beginning with the paradigmatic worldview of the researcher and how that influences the mixed methods approach adopted in this study. Thereafter, the mixed methods research design is detailed, providing

information on overall research design, clarifying the weighting, mixing and timing of the mixed methods, as well as outlining the role of triangulation in the study. The chapter concludes by discussing the overall sampling frame for the study, that is the establishment of a database of food and drink SMEs in Wales and Brittany.

Chapter 6 builds on the overall research design and details the specific research designs for the quantitative and qualitative phases of this study, highlighting the instrument design that drives each phase, as well as addressing matters of rigour, sampling and the data analysis. The chapter concludes with the consideration of research ethics and its potential impact on the study, as well as presenting the researcher's reflexivity in relation to the research. Reflexivity is seen as a significant element for a researcher, particularly at doctoral level, which is seen as a formative period in developing good research practice.

The quantitative results of the study are presented in chapter 7. Firstly, the chapter outlines a profile of the questionnaire respondents before using a factor analysis and Cronbach's alpha to confirm the validity and reliability of the scale questions for each construct. Thereafter, quantitative results focus on the descriptive statistics of each construct, T-tests comparing results for exporters and non-exporters, a correlation analysis between the different variables and internationalisation and a regression analysis investigating the relationships between the different variables and internationalisation.

Qualitative results are documented in chapter 8, with the chapter discussing the process and findings of the 6-step exploratory thematic analysis, based on Braun and Clarke (2006). Initially beginning with a profile of interview respondents, the thematic analysis is conducted and discussed individually for exporters and non-exporters, with each section culminating in a thematic map of themes and sub-themes. These themes are further analysed through the

inclusion of relevant quotations from interviews. Findings underline the emergence of similar themes and sub-themes for exporters and non-exporters, although with some differences according to the context of the company activity. A noticeable theme that emerged in interviews with Welsh respondents was Brexit, which was removed from the collective analysis process and thematic analysis was conducted separately for this theme.

Chapter 9 comprises a discussion of the main findings of the study, combining the outcomes of both the quantitative and qualitative phases. Firstly, the chapter revisits the research questions of the study, using findings from both phases to answer each question in turn. These answers, along with other findings of the study, help evaluate and confirm the conceptual framework for the internationalisation of food and drink SMEs, as established in chapter 4. Following this, a cluster analysis is conducted in order to establish a typography of companies in relation to internationalisation, with 4 company types identified and discussed. This leads to the development of a roadmap to internationalisation, designed to help small food and drink businesses identify ways in which they can internationalise. From this, two models are developed, which aim to explain the conditions for internationalisation and ways in which internationalisation can be facilitated.

Finally, the thesis ends with a conclusion chapter. Chapter 10 provides a summary of the main findings of the study, as well as discussing the contribution the study brings to knowledge in the field, the limitations of the study and directions for future research.

Chapter 2: SME Internationalisation: A Theoretical Background

The aim of this chapter is to present a review of the literature on SME internationalisation.

With the growing trend of globalisation and international trade comes the need to understand how firms behave in foreign markets, thus, considerable attention has been paid to internationalisation (Sousa *et al.*, 2008). Research conducted on internationalisation has highlighted that there is no universally accepted model of international business, which is shown through the number of differing theories on the subject (Bilkey, 1978; Toyne, 1989; Leonidou & Katsikeas, 1996; Chandra & Newbury, 1997; Mtigwe, 2006).

This study aims to better understand the influences of internationalisation within food and drink SMEs. Given the unique challenges evident in the industry, this study argues that the main issues relating to SME internationalisation, as discussed in this chapter, need to be considered alongside issues of place. This is due to deep-rooted connections evident between food and its place of origin (Tregear, 2001) (see Chapter 3 for a discussion on place issues).

Limited research exists on SME internationalisation specifically within the food and drink industry, as the majority of studies tend to span several industries and locations. Indeed, Fillis (2008) identifies shortcomings in the attempt to generalise findings across a range of industries, advocating the need for studies to focus on specific industries. This study also responds to the call from Sparkes and Thomas (2001) for the need to research critical success factors affecting access to overseas markets in Celtic fringe agri-business SMEs, particularly the need to discuss policy recommendations.

Initially exploring early theories of internationalisation, this chapter discusses approaches to SME internationalisation, as the first of two literature review chapters, with Chapter 3

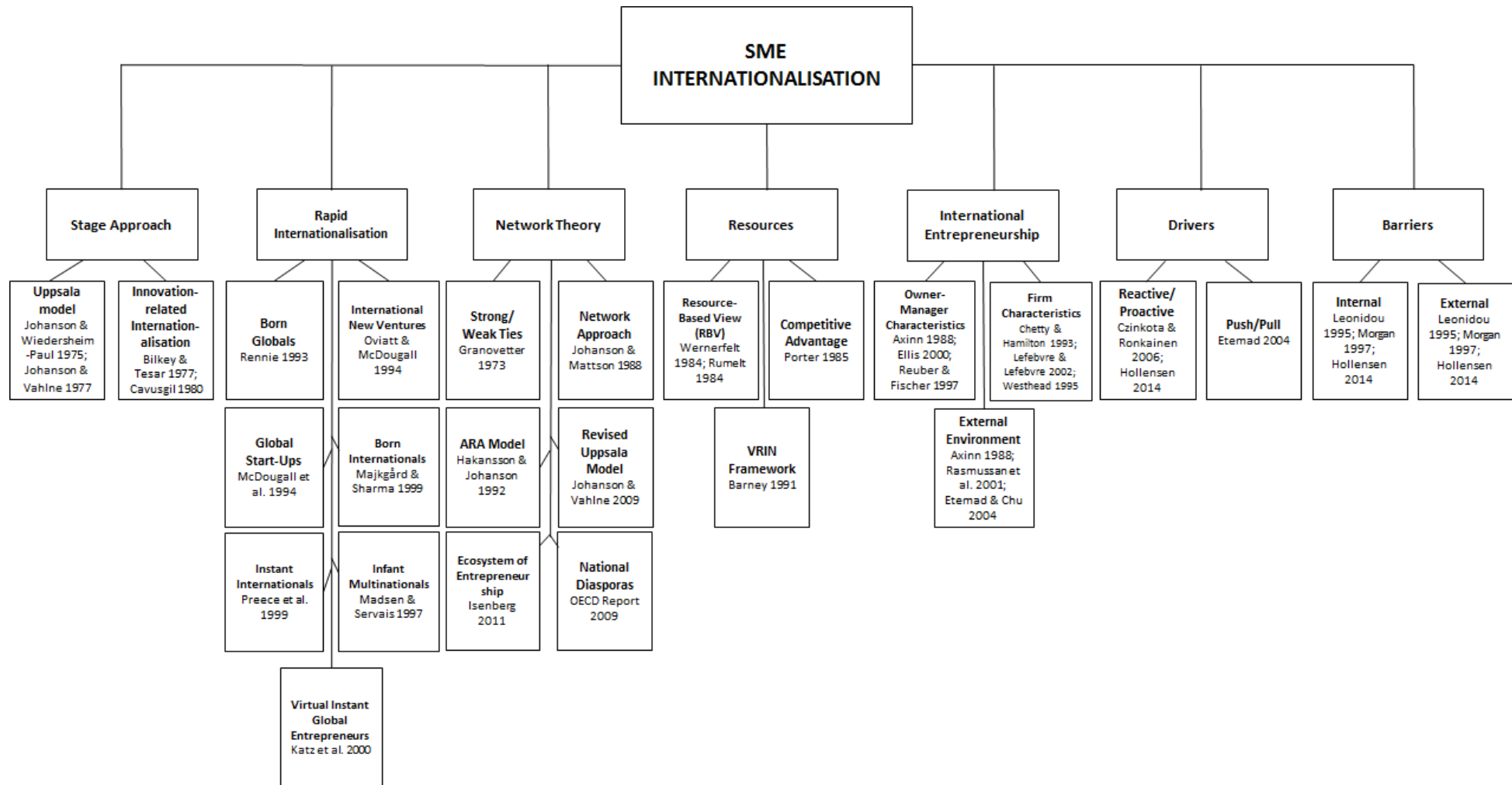
reviewing literature on place. This leads to the formation of a conceptual framework and research questions, as set out in Chapter 4, which present the main focus of this study.

2.1 Early Internationalisation Theories

The concept of international trade is not a new phenomenon and the notion of internationalisation dates back to the time of the British East India Company, widely seen as the world's first multinational company, founded in 1600 (Bolton & Thompson, 2013). Early internationalisation focussed on the relationships between exports and imports of one country compared to another and the gains that particular countries could achieve. An example of this is Absolute Cost Advantage by Adam Smith (1776), stating that a country should specialise in and export commodities in which it had an absolute advantage; that is when a country could produce a commodity with less costs per unit than its trading partner.

Research on internationalisation became more evident in the late twentieth century. Initially inspired by more general marketing theories (Hollensen 2014), such as the Penrosian tradition (Penrose, 1959), SME internationalisation has grown as a field of research since the seminal work of the Uppsala Scholars (Johanson & Wiedersheim-Paul, 1975) in the late 1970s. Figure 2.1 below provides an outline of the main themes of SME internationalisation discussed in this chapter. The literature map highlights influential studies in the evolution of research on SME internationalisation, from the initial ideas of the Stage Approach and building on its criticisms through the explanation of rapid internationalisation and the use of networks. Additionally, the role of resources and characteristics of the entrepreneur, the firm and the environment, as evident in International Entrepreneurship, are discussed alongside the motives and barriers that influence the propensity of a firm to internationalise. Each aspect of the literature map is discussed in detail throughout the chapter.

Figure 2.1: Literature Map of SME Internationalisation



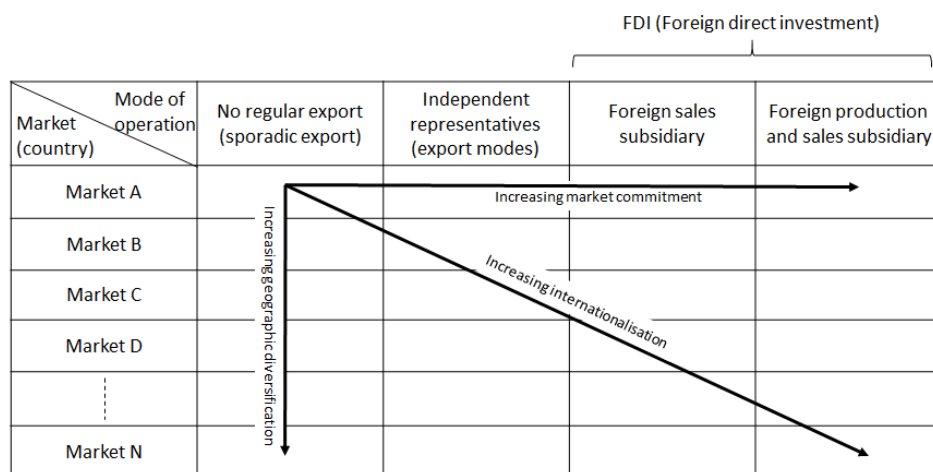
2.2 The Stage Approach

The Stage approach sees the internationalisation process as a series of progressive stages. This was initially evident through the Uppsala internationalisation model (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977). Innovation-related Internationalisation models emerged in the 1970s and 1980s, with further stage models in the 1990s.

2.2.1 The Uppsala Internationalisation Model (U-model)

The U-model presents internationalisation as a process of small incremental steps where companies gather resources and develop foreign market knowledge, initially targeting culturally and geographically 'closer' markets with a lower degree of risk, before gradually expanding (Johanson & Vahlne, 1977). This approach offers SMEs a lower risk in the initial exportation process, demanding less resources and enabling the company owner to remain in control of the internationalisation activities (Hynes, 2010). Based on a study of Swedish manufacturing firms, the internationalisation process was conceptualised in 4 stages (Johanson & Wiedersheim-Paul, 1975), starting with sporadic export activities and ending in the establishment of an overseas subsidiary. Each stage marks an increase in market commitment and international involvement (Figure 2.2).

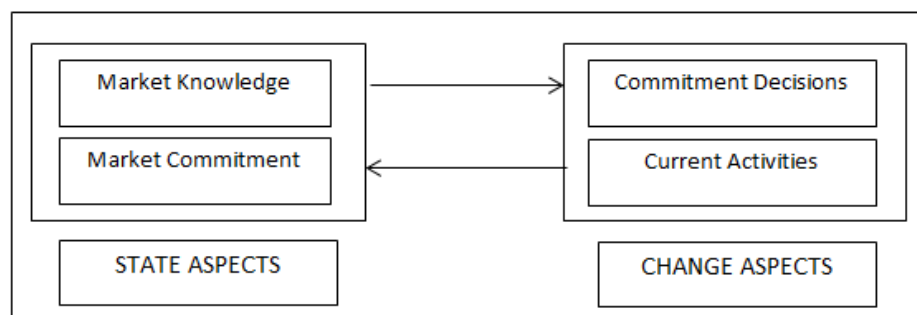
Figure 2.2: Stage Approach to Internationalisation



Adapted from Forsgren and Johanson (1975, p. 16 cited in Hollensen 2014, p.80)

The U-Model consists of two fundamental concepts: an incremental learning process and psychic distance (Hollensen, 2014), the latter referring to factors that impact upon the flow of information between the company and market, namely language, culture and political differences. The above model indicates the increase of a company's internationalisation as a result of an increase in the company's commitment to the market and an increase in the geographic diversification of the company. This increasing commitment of resources to the international market is due to an increase in knowledge and experience (Johanson & Wiedersheim-Paul, 1975). Johanson and Vahlne (1977) expanded upon the initial study, looking at internationalisation as the acquisition, integration and utilization of knowledge in a company's international operations. As companies gain increasing knowledge from their international experiences the decision-making process becomes easier. This led to the development of a dynamic model with a distinction between state and change aspects. As highlighted in Figure 2.3, it is assumed that both market knowledge and market commitment have an effect on market commitment decisions and activities, which in turn have an effect on market knowledge and commitment.

Figure 2.3: The Basic Mechanism of Internationalisation- State and Change Aspects



Johanson and Vahlne (1977, p. 26)

Considering the relationship between market knowledge and market commitment, it can be deduced that a company would increase its market commitment as the company develops its

knowledge of foreign markets through experience. Despite this, Andersen (1993) highlights three exceptions. Firstly, companies with greater resources experience smaller consequences on their market commitment, therefore they are able to take larger internationalisation steps. Secondly, market knowledge can be gained in other ways than experience when market conditions are stable. Thirdly, as a company develops its experience in markets with similar conditions, it may be able to generalise this experience to other markets (Andersen, 1993).

A second concept introduced in the study relates to psychic distance (Johanson & Vahlne, 1977). This refers to factors, such as differences in language, culture, political systems, level of education, or level of industrial development, which disturb the flow of information between the firm and the market (Andersen, 1993; Hollensen, 2014). Figure 2.2 also implies that psychic distance includes a geographic dimension. It is suggested that companies firstly enter countries with a lower psychic distance before expanding into markets with a much greater psychic distance. In the case of Swedish manufacturing firms, this was initially seen in neighbouring Scandinavian countries with a similar culture, before moving to markets further afield (Johanson & Wiedersheim-Paul, 1975). Reducing psychic distance would enable a company to get closer to a foreign market, making it less of a barrier for internationalisation as it accumulates international experience and knowledge (Johanson & Vahlne, 1977).

2.2.2 The Innovation-related Internationalisation Model (I-model)

Further developments of the Stage Approach are evident through the Innovation-related Internationalisation Model (I-model), which considers the sequential process of internationalisation as an innovation of the firm (Bilkey & Tesar, 1977; Cavusgil, 1980; Reid, 1981). Several models exist (see Table 2.1), each containing variations in the number of stages and description of each stage (Andersen, 1993).

Table 2.1: Summary of Stage Models

	UPPSALA MODEL	INNOVATION-RELATED INTERNATIONALISATION MODELS					OTHER STAGE MODELS					
Stage	Johanson and Wiedersheim-Paul 1975	Bilkey and Tesar 1977	Cavusgil 1980	Reid 1981	Wortzel and Wortzel 1981	Czinkota 1982	Barrett and Wilkinson 1986	Moon and Lee 1990	Lim et al. 1991	Rao and Naidu 1992	Crick 1995	Leanidou and Katsikeas 1996
1	No regular export activities	Management uninterested in exporting	Domestic marketing: firm only sells in home market	Export awareness: problem of opportunity recognition	Importer pull/ foreign customer orders	Completely uninterested firm	Non-exporters who never considered exporting	Lower stage of export involvement	Awareness: exporting seen as an opportunity	Non-exporters: no interest	Non-exporters	Pre-engagement
2	Export via independent representatives (agents)	Would fill an unsolicited export order but make no effort to seek export	Pre-export stage: firm gathers information and assesses export feasibility	Export intention: motivation attitude, beliefs and expectancy about export	Basic production capacity marketing	Partially interested firm	Non-exporters who investigated exporting, and previous exporters	Medium stage of export involvement	Interest: favourable disposition to the possibility of exporting	Non-exporters: would like to export	Passive exporters	Initial export stage
3	Establishment of an overseas sales subsidiary	Actively explore feasibility of exporting	Experimental involvement: limited exporting to psychologically close country	Export trial: personal experience from limited exporting	Advanced production capacity marketing	Exploring firm	Current exporters with no direct investment abroad	Higher stage of export involvement	Intention: increased interest in exporting	Sporadic involvement	Active exporters	Advanced export stage
4	Establishment of an overseas production/manufacturing subsidiary	Export on experimental basis to psychologically close country	Active involvement: export to more new countries	Export evaluation: results from engaging in export	Product marketing channel push	Experimental firm			Adoption: trial and adoption of exporting	Regular involvement		
5		Experienced exporter	Committed involvement	Export acceptance: adoption/rejection of exporting	Product marketing channel pull	Experienced small exporter						
6		Explore feasibility of exporting to more distant countries				Experienced large exporter						

Adapted from various sources

The different models shown in Table 2.1 demonstrate differing interpretations of the motivating factors towards export, indicating that the decision to internationalise is affected by various push and pull factors, as well as the interest and involvement shown by the company pursuing internationalisation. Additional motives towards internationalisation are discussed in section 2.7. The principles of the U-model are evident in the approaches set out by Johansson and Wiedersheim-Paul (1975), Moon and Lee (1990) and Leonidou and Katsikeas (1996), as they imply that internationalisation occurs in more defined progressive stages of international expansion, from no initial internationalisation to increasing stages of international commitment. Push and pull factors are evident in the models proposed by Bilkey and Tesar (1977), Wortzel and Wortzel (1981) and Crick (1995), as companies can take a reactive approach to interest from international markets as a means of initiating internationalisation before proactively seeking opportunities. Alternatively, models show internationalisation as being a sequence of increasing interest and will of the company to explore international opportunities (Cavusgil, 1980; Reid, 1981; Czinkota, 1982; Lim *et al.*, 1991; Rao & Naidu, 1992). Reid (1981) emphasises the role of experiences, attitudes, motivations and expectations of the decision-makers as having a significant impact on the internationalisation process. The different models identify a number of factors included in the different stages of internationalisation, ranging from resources, knowledge, marketing, the business environment and managerial characteristics, highlighting the fact that SME internationalisation is a complex process made up of a series of incremental stages. These issues are discussed further in this chapter and in chapter 3.

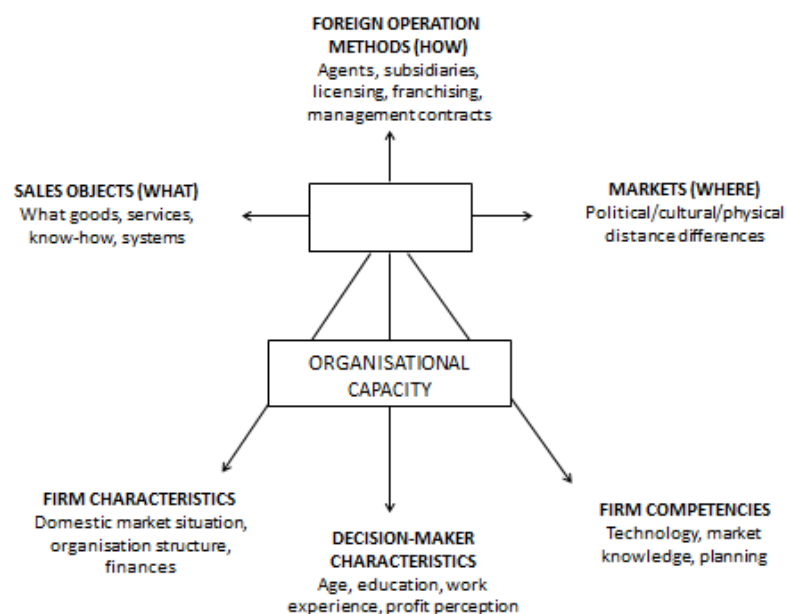
2.2.3 Criticism of the Stage Approach

Despite its merits, the Stage Approach has been challenged by the fact that companies internationalise in different ways and may skip parts of the model (Oviatt & McDougall, 1994). This is in line with Andersen's (1993) challenges to the U-model, as discussed above, and a study by Turnbull (1987) who observed that many British exporters did not follow the Stage Approach. According to Reuber and Fischer (1997) the international experience and knowledge of the entrepreneur or management enables an SME to skip the initial steps of the internationalisation process, thus participation in international markets can be considered an innovation within the enterprise. Gankema et al. (2000) also point to a firm's ability to leapfrog stages. They question the generality of the Stage Approach, arguing that the SME's ability to jump stages or even stop its international activities before reaching the final step in the process is an indicator that they are not too dependent on international markets. Additionally, Oviatt and McDougall (1994) point to the fact that the stage models do not offer an explanation for the increasing number of SMEs that internationalise from their inception. This can be seen in the emergence of Born Globals and other similar Rapid Internationalisation models, as discussed in section 2.3.

The significance of the Stage Approach is acknowledged by Welch and Luostarinen (1988, p. 86) as an operational method as "it does represent a clearly overt manifestation of the overall process". Despite this, they highlight shortcomings in the model, and thus developed a broader framework including dimensions of operation methods, markets, sales objects, organisational structure, finance and personnel. Chetty (1999) later criticised the framework for its lack of detail regarding the dimensions of personnel, organisation structure and finance, and revised the framework (see Figure 2.4) to include dimensions of firm characteristics, decision-maker characteristics and firm competencies. The significance of

these elements is also discussed by Cavusgil & Nevin (1981) and Bloodgood et al. (1996), who recognise the decision-maker characteristics as being a determinant to the firm's approach to internationalisation. Such characteristics are also at the heart of International Entrepreneurship theory (see section 2.6). Mtigwe (2005) and Styles and Amber (1994) acknowledge that the dimensions of firm competencies and decision-maker characteristics aid the ability of firms in gathering and exploiting information to speed up the internationalisation process.

Figure 2.4: Revised Version of Welch and Luostarinen's 1988 Framework



Adapted from Chetty (1999, p. 124)

Based on the revised framework, Chetty's study (1999) of manufacturing firms in New Zealand revealed that psychic and geographic distance remained an important factor in the internationalisation process, supporting the Stage Approach. Furthermore, the findings identified government trade barriers as a potential deterrent to international expansion and stressed the importance of building relationships and networks as significant factors in aiding the internationalisation process of a firm.

It is evident with the changing of time that newer internationalisation approaches, such as Network Theory (see section 2.4) or International Entrepreneurship (see section 2.6), take into account new developments in the internationalisation process, which did not concern the Stage Approach. However, the emergence of regionalisation and the trend for seeking trade with geographically close partners (Morrison, 2011) supports the relevance of the Stage Approach in modern times, particularly in areas of free trade, such as the European Union. Challenges to the stage model can be seen through Born Global companies (Oviatt & McDougall, 1994) and the fact that a company may choose different paths of internationalisation for different markets and different lines of business, depending on factors, such as cultural affinity or market knowledge (Chang & Rosenzweig, 2001).

2.3 Rapid Internationalisation

The idea of firms globalising rapidly first came to light in a study of 310 emerging exporters in Australia (McKinsey & Co., 1993). Results showed that a number of firms behaved differently when compared to the traditional means of internationalisation in that they managed to compete successfully in the global marketplace from their inception. This phenomenon became known as Born Globals (Rennie, 1993), later defined by Knight (1997, p. 1) as “a company which, from or near its founding, seeks to derive a substantial proportion of its revenue from the sale of its products in international markets”. It was observed that such companies displayed characteristics of being flexible, close to their customers and able to adapt their products to rapidly changing needs. More recent research into Born Globals has been undertaken in a European, Asian and American context (Gabrielsson & Kirpalani, 2012). Their research has shown that the model is relevant to a variety of firms, such as high-tech (Preece *et al.*, 1999), software (Bell, 1995), high innovative design (Falay *et al.*, 2007) and

traditional food, apparel, shoes, furniture and other low-tech industries (Gabrielsson *et al.*, 2008).

There have been many schools of thought on the subject of rapid internationalisation, with different concepts evident in the literature, such as *'Global Start-ups'* (McDougall *et al.*, 1994), *'Infant Multinationals'* (Madsen & Servais, 1997; Aspelund & Moen, 2001), *'Born Internationals'* (Majkgård & Sharma, 1999), *'Instant Internationals'* (Preece *et al.*, 1999; Fillis, 2001) and *'Virtual Instant Global Entrepreneurs'* (Katz *et al.*, 2003). Despite the emergence of the various rapid internationalisation concepts, the two most prominent are *'International New Ventures'* (McDougall *et al.*, 1994; Oviatt & McDougall, 1994; Servais & Rasmussen, 2000; Zahra, 2005) and *'Born Globals'* (McKinsey & Co., 1993; Rennie, 1993; Knight & Cavusgil, 1996; Madsen & Servais, 1997; Bell & McNaughton, 2000).

The emergence of rapid internationalisation as an alternative to the Stage Approach is highlighted by Cavusgil (1994), as well as the potential for smaller companies to internationalise:

"...The emergence of these exporters though not unique to the Australian economy, reflects 2 fundamental phenomena of the 1990s: 1. Small is beautiful. 2. Gradual internationalisation is dead." (Cavusgil, 1994, p. 18)

The growth of such companies is attributed to the globalisation of market conditions, technology development, capacity development of people and smaller companies, as well as favourable home market conditions (Gabrielsson & Kirpalani, 2012). Smaller firms have been able to internationalise at a faster rate due to global networks and developments in technology, particularly in communication and the production process (Knight & Cavusgil, 1996). This has been accredited to the development of the internet and mobile messaging (Gabrielsson & Kirpalani, 2012). A study of Welsh agri-businesses SMEs pointed to the

internet as a critical success factor for sustainable global market growth (Sparkes & Thomas, 2001). A study of UK manufacturing firms found that the impact of the internet was strong for high-tech SMEs, facilitating data gathering and maintaining relationships, although for lower-tech SMEs it proved useful in raising international awareness of the firm (Tseng & Johnsen, 2011). Hollensen (2014) also recognises the importance of global networks and advances in technology, as well as the advance in communication technology and the internet as being important factors in the growth of Born Globals, especially since this allows for the flow of information to be accelerated. The development of IT is similarly lauded by Madsen and Servais (1997), who list new and flexible production technology, a reduction in trade barriers, the increasing importance of niche marketing and the increasing ability for people to gain international experience, such as students, as key additional factors. They posit that greater international mobility and experience has generated more competent and ambitious entrepreneurs. This has helped Born Globals become more flexible and capable of better adapting to requirements of foreign markets (Knight & Cavusgil, 1996). Smaller markets are seen as more likely locations for the emergence of Born Globals (Gabrielsson & Kirpalani, 2012). This echoes Luostarinen and Gabrielsson (2006), who indicate that smaller economies have higher push and pull factors which encourage the growth of such companies, and suggests that firms that internationalise from birth are more likely to achieve success when they originate in smaller economies.

Two key dimensions of Rapid Internationalisation are precocity and speed (Gabrielsson & Kirpalani, 2012), where speed refers to fast foreign growth and precocity represents the time before a company starts its export activity. A comparison of Rapid Internationalisation definitions is evident in Table 2.2.

Table 2.2: Definitions of rapidly internationalising firms

Publication	Vision	Precocity	Speed
McKinsey & Company (1993); Rennie (1993)	Management views the world as its marketplace from the firm's inception	Began exporting, on average, only 2 years after foundation	Achieved 76% of total sales through exports at an average age of 14 years
Oviatt & McDougall (1994)	A business organisation that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries		
Knight & Cavusgil (1996)	Management views the world as its marketplace from the firm's inception	Began exporting one or several products within 2 years of establishment	Tend to export at least 25% of total production
Chetty & Campbell-Hunt (2004)		Within 2 years of inception	80% of sales outside New Zealand. Markets are worldwide
Luostarinen & Gabrielsson (2006)	Global vision and/or at a global growth path	Entered global markets at outset	Over 50% of sales outside home continent. Established after 1985
Servais, Madsen & Rasmussen (2006)		Within 3 years of establishment	More than 25% of foreign sales or sourcing outside home continent
Zhou, Barnes & Lu (2010)		International market entry process that occurs within 3 years of firm's inception	Generating at least 20% of total sales from multiple countries. Founded in 1990 or later

Adapted from Gabrielsson and Kirpalani (2012, p. 5)

The above table highlights the differing characteristics of rapidly internationalising companies, particularly in relation to the precocity and speed of internationalisation, but it is clear that such firms express an international vision from an early age. Internationalisation occurs within the first 2-3 years of the companies' existence with high percentages of sales occurring outside the domestic market, ranging from 20% (Zhou *et al.*, 2010) to 80% (Chetty & Campbell-Hunt, 2004). Conclusions from the latter study support the notion that rapidly internationalising companies, such as the Born Globals, are often found in smaller, isolated

economies (Knight *et al.*, 2001), since the home market is small or non-existent, with customers and competitors evident in international markets. This would suggest that Wales and Brittany, as small and less prominent markets, could be conducive environments to the existence of rapidly internationalising companies.

It is recognised that Born Globals require owners to have distinctive entrepreneurial capabilities and an eye for spotting opportunities on a global scale that other companies don't see (McDougall *et al.*, 1994; Knight & Cavusgil, 1996). Chetty and Campbell-Hunt (2004) state that Born Globals see international markets as an opportunity rather than an obstacle, and these companies have a greater tendency to innovate more quickly and use business networks. They point to four key characteristics of Born Globals as having prior experience and knowledge from educated managers, which aides in minimising risk; prior international experience of Born Global managers, enabling the company to learn quickly; communication technology, to acquire knowledge and develop a strategy; and decision-making characteristics, creating early internationalisation capabilities. Jones and Coviello (2005) note that International Entrepreneurship research recognises the need to study the characteristics and orientation of the entrepreneur in order to truly understand the behaviour of Born Globals. Innovation, proactivity and risk-taking are also considered key characteristics of International Entrepreneurship (Covin & Slevin, 1989; McDougall & Oviatt, 2000; Jones & Coviello, 2005), as discussed in section 2.6.

2.3.1 Stage Approach v Rapid Internationalisation

The rapid internationalisation models challenge the traditional theory of the Stage Approach (Knight & Cavusgil, 1996). The accelerated and cooperative Born Global is seen as the direct opposite of the slow, incremental, do-it-alone Uppsala Model (Hollensen, 2014). Both

processes can be compared through the knowledge development a company requires when internationalising. In the U-model companies learn in a slow, step-by-step process through developing knowledge and experience, whereas Born Globals have often acquired this knowledge before internationalising, or learn rapidly as they go. Geographic comparisons are also significant, as the Stage Approach saw companies initially internationalising to countries with a low psychic distance before expanding further afield once sufficient knowledge had been acquired. However, rapidly internationalising companies are seen to internationalise from an early age into various international markets.

A number of researchers recognise the willingness of Born Globals to take risks as an element that contests the Stage Approach, and networking is seen to play a vital role for Born Globals in their internationalisation (Madsen & Servais 1997; Johanson & Vahlne 2003; Gabrielsson & Kirpalani 2004; Coviello 2006). Even the original proponents of the Stage Approach have more recently recognised the role of networks through the revision of their models (Johanson & Vahlne, 2009). Furthermore, the Stage Approach does not take into account the role of the founder/entrepreneur of the company, which is a key element of internationalisation according to Rapid Internationalisation models (Madsen & Servais, 1997; Laanti *et al.*, 2007). Despite these deficiencies, several authors acknowledge that the stage models remain valid, but need to consider more current ideas (Madsen & Servais, 1997; Sharma & Blomstermo, 2003; Laanti *et al.*, 2007). Bell and McNaughton (2000) distinguish between the traditional incremental approach and the Rapid Internationalisation approach with high value-added products or services. Their research compares six features between the two pathways (see Table 2.3), notably motivation to internationalise, international objectives, international expansion patterns, the pace of internationalisation, the method of distribution and international strategies.

Table 2.3: Comparison of Incremental and Rapid Internationalisation Models

Feature	'Traditional Firm'	Born Global Firm
Motivation to Internationalise	Reactive	Proactive
	Adverse home market conditions	Global 'niche' markets
	Unsolicited/enquiries orders	Committed' management
	'Reluctant' management	International from inception
	Cost of new production processes	Active search
	'force' export initiation	
International Objectives	Firm survival/growth	Competitive advantage
	Increasing sales volume	First mover' advantage
	Gaining market share	Locking-in' customers
	Extending product life cycle	Rapid penetration of global 'niches'/segments
	'born again' global	Protecting and exploiting proprietary knowledge
International Expansion Patterns	Incremental	Concurrent
	Domestic expansion first	Near simultaneous domestic and export expansion
	Focus on 'psychic' markets	Focus on 'lead' markets
	Low-tech/less sophisticated markets targeted	Evidence of client 'followership'
	Limited evidence of networks	
Pace	Gradual/slow	Rapid/speedy internationalisation
	Small number of export markets	Large number of export markets
	Single market at a time	Many markets at once
	Adaptation of existing offering	Global' new product development
Method of Distribution/Entry Modes	Conventional	Flexible
	Use of agents/distributors/wholesalers	Use of agents/distributors
	Direct to customers	Evidence of integration with clients' channels; licensing, joint ventures, overseas production
International Strategies	Ad-hoc and opportunistic	Structured
	Evidence of continued reactive behaviour to export opportunities	Evidence of a planned approach to international expansion
	Atomistic expansion, with unrelated new customers/markets	Expansion of international networks

Adapted from Bell and McNaughton (2000, p. 179)

In addition to previously discussed differences in pace and international reach, other notable differences displayed in the table above include the attitude towards internationalisation. It appears that 'traditional' companies take a more reactive approach to internationalisation through unsolicited enquiries from abroad, whereas Born Globals pursue international expansion in a more proactive manner by committing resources to developing competitive advantage by moving early into new markets (Bell & McNaughton, 2000). The discussion of both schools of thought has shown that companies can internationalise in different ways, largely dependent upon their resource capacity and desire to pursue international strategies, therefore it is important to consider both models in this study, as both remain relevant.

2.4 Network Theory

Further challenges to the Uppsala Model have been made by network theorists, who argue that the internationalisation process of firms, such as modern high-technology firms, occurs rapidly by tapping into the experiences and resources of network partners (Mtigwe, 2006). Business networks are relationships between two or more connected businesses (Emerson, 1981). More recent analysis highlights that networks can take a variety of forms, such as collaborative relationships with competitors (Bernal *et al.*, 2002) or a voluntary arrangement between firms (Fuller-Love & Thomas, 2004). Networks can include a number of players involved in internationalisation, including customers, suppliers, competitors, governments, distributors, bankers, agents, consultants and families (Johanson & Vahlne, 1990). Such players are often vital in providing support and advice to facilitate internationalisation (Suárez-Ortega & Álamo-Vera, 2005).

The idea of business networks and relationships is not a new phenomenon. Granovetter (1973) discussed the idea of different kinds of relationships, from 'strong ties', in which relationships are well established, to undeveloped relationships, seen as 'weak ties' (Granovetter, 1973; Uzzi, 1997; Wilkinson & Young, 2002). Network theory literature emerged in the late 1980s and early 1990s as some of the Uppsala Scholars later adapted their work to acknowledge that successful internationalisation is dependent on developing networks of business relationships (Johanson & Mattson, 1993). Further developments are evident through the development of the ARA model, which focuses on Actors, Resources and Activities. The model aims to justify how business relationships function according to different layers, firstly with actors (firms or individuals), who control resources and perform activities in order to create value, as well as network relationships based on activity links, resource ties

and actor bonds (Hakansson & Johanson, 1992). This highlights the changing nature of the international business environment through increasing globalisation, and supports some challenges to the Stage Approach. However, there is a recognition in certain stage models that internationalisation is able to develop through making use of international agents (Johanson & Wiedersheim-Paul, 1975), suggesting that international expansion is somewhat dependent on external relationships.

Few companies, whether small or large, have full capabilities to enter foreign markets without any kind of support. It has been widely acknowledged that the use of networks is a way for small companies to overcome the challenges of limited resources, experience and credibility (Lu & Beamish, 2001), as well as trigger knowledge opportunities for businesses and motivate firms to enter international markets (Sharma & Johanson, 1987; Korhonen *et al.*, 1995; Andersen, 1996; Ellis, 2000). Mtigwe (2006) recognises the role played by network theory in drawing attention to the fact that internationalisation is not a 'solo effort', and that small firms are reliant upon the support of third parties, whether government agencies, foreign distribution agents or partners. Furthermore, Ngugi *et al.* (2010) highlight the need for greater collaboration between SMEs and their larger customers. Developing relationships between the exporter and intermediaries, such as agents, distributors or sales representatives serves as an important competitive advantage (Wilson, 2006; Kuhlmeier & Knight, 2010). It is evident that the various support measures that are available to SMEs in facilitating internationalisation represent an important aspect that needs to be considered in this study. This matter, therefore leads to the formulation of a research question.

Research question: How significant are external support measures in facilitating SME internationalisation?

As mentioned in section 2.2, knowledge development is recognised as an essential part of the Stage Approach as companies expand through increasing international market knowledge, however this ability to build international market knowledge through networks helps facilitate internationalisation through sharing knowledge, experience and resources. A leading work on Network Theory is provided by Uppsala Scholars Johanson and Mattson (1988), who consider the process of internationalisation as a means by which the firm establishes and develops its position in a foreign market through its foreign network relationships. They identify the process as being one of extension, penetration and integration. Expanding upon the work of the Uppsala Internationalisation model, Johanson and Mattson (1988) maintain the idea of internationalisation as an accumulative process, but one in which relationships with foreign partners are built, developed and sustained. Through internationalisation, enterprises are able to build and strengthen relationships in foreign networks allowing for international extension, which enables them to increase their commitment of resources within established foreign networks. Figure 2.5 below presents their model of internationalisation through networking.

Figure 2.5: The Network Approach to Internationalisation

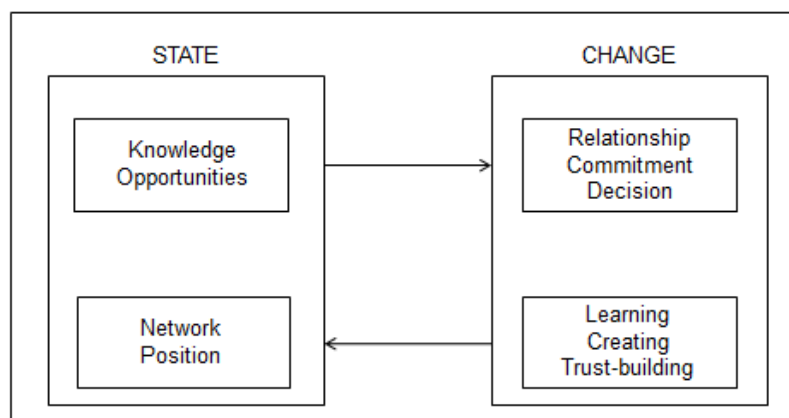
		Degree of internationalisation of the market	
		Low	High
Degree of internationalisation of the enterprise	Low	Early Starter	Late Starter
	High	Lonely International	International Among Others

Adapted from Johanson and Mattson (1988)

The above model presents the degree of internationalisation of a company in relation to that of the market, identifying companies at different stages in their internationalisation. With a limited knowledge of foreign markets and limited relations with foreign enterprises, the Early Starter is reliant on more experienced agents or distributors to enter foreign markets. Thus, they are more susceptible to being influenced in their decision-making by the knowledge of other actors within the network (Axelsson & Johanson, 1992; McKiernan, 1992), highlighting the importance of the network to such firms. Echoing processes of the Stage Approach, Johanson and Mattson (1988) recognise that such firms are able to build their knowledge through 'learning by doing'. Despite developing strong indirect networks with foreign customers and suppliers and having experience in foreign ventures, the Late Starter has a competitive disadvantage compared to its competitors due to its lack of market knowledge. Although situated in an internationally inexperienced network, The Lonely International has a greater commitment to internationalisation since it has acquired prior knowledge from first-hand experiences. This gives the firm a competitive advantage over the late starter, enabling it to network more extensively with other actors. Finally, the International Among Others firm is highly internationalised, with both the firm and market having high degrees of internationalisation. Such firms have established and developed positions and resources in foreign markets, as well as having a highly internationalised macro-position, giving them greater experiential knowledge compared to Lonely International firms, which, according to Johanson and Mattson (1988), would provide the firm with greater experience in the coordination and integration of its market positions and in turn improve its internationalisation knowledge.

Further reconsiderations by prominent Uppsala scholars are evident in Johanson and Vahlne's (2009) revision of the U-model in order to take into account the importance of networking. The Business Network Internationalisation Process model (see Figure 2.6) highlights the role played by daily activities (change aspects) that support long-term variables (state aspects), which facilitate internationalisation (Hosseini & Dadfar, 2012). Whereas the original model showed an incremental process of developing knowledge and activities in order to increase market commitment, the revised model is interactive, with the parts influencing each other. The model suggests that firms should focus on their daily activities, namely learning, increasing their knowledge and building trust-worthy relationships, in order to put themselves in a position to increase commitment to the relationships (Johanson & Vahlne, 2009). The revised model underlines that the principles of the stage models remain relevant in the present day and need to be studied along with the role played by building network relationships that can support internationalisation.

Figure 2.6: The Business Network Internationalisation Process Model



Adapted from Johanson and Vahlne (2009, p. 1424)

Ecosystems of entrepreneurship play a role in facilitating internationalisation. This refers to localised networks of a number of players that can support entrepreneurship, including national and local governments, chambers of commerce, universities, development agencies,

business incubators, banks and financial systems (Isenberg, 2011). These support agencies are extremely useful to SMEs in internationalisation because they offer valuable information, critical networking platforms and allow for the exchange of ideas and best practice (Wilson, 2006). Emphasis is placed upon creating a supportive environment for entrepreneurs, which is not over-protective. Entrepreneurs have the vision to identify opportunities, therefore they should be allowed to test their wits for themselves. It is acknowledged that success breeds success, which draws in other support from venture-friendly professionals, such as lawyers, accountants, consultants or investment bankers (Isenberg, 2011), therefore the government should champion any wins and communicate entrepreneurship as being a high social priority. However, failure should not be penalised, since failure is a part of the entrepreneurship process, and entrepreneurs should be encouraged to try and try again (Isenberg, 2010). The importance of localised networks in triggering the first steps of the internationalisation process is highlighted through the case of fish exporters from the Azores islands (OECD, 2009), an autonomous group of Portuguese islands located in the middle of the Atlantic Ocean. Due to its isolated location, the fish exporters rely on links to emigrants in Canada and the United States (Camara & Simeos, 2008), thus highlighting the importance of national diasporas.

A growing phenomenon in international business networking is that of diaspora networks. As the world becomes increasingly globalised and interconnected, there is an increasing move away from nation states towards more globalised networks. With over 215 million people now living outside of their country of birth (Aikins & White, 2011) it is recognised that new collective identities are emerging which challenge the traditional concept of citizenship and the nation-state (Robertson, 1992; Appadurai, 1996; Jackson, 2004). Consequently, a number of countries and organisations have recognised the need to develop diaspora networks, that

is, developing strategies of uniting expatriates situated across the world, as well as foreign nationals with a strong affinity for their country, together in business networks with the aim of creating mutual benefit (Aikins *et al.*, 2009). Diaspora networks are seen as a means to bridge the gap between the home and host countries (Banerjee, 1983; Boyd, 1989; Gurak & Caces, 1992). Highly-skilled expatriates are increasingly seen as 'national assets' rather than a 'loss' to their country of origin (Aikins *et al.*, 2009) and diaspora networks should be considered a resource for a country (Gamlen, 2005). Aikins *et al.* (2009) point to the ability of the diaspora network to foster strong international relationships which have the potential to enhance tourism, philanthropy and culture, as well as political and economic development. A key advantage of diaspora networks is knowledge development, which can play an important role in the economic development of the home country in various forms, such as sharing ideas of innovation, entrepreneurship and enhancing international market opportunities (Isenberg, 2008). These networks can be used to gain knowledge of foreign markets, languages, preferences and contacts, which could potentially lead to a decrease in trading costs (Rose & Stevens, 2004).

Countries actively exploring diaspora strategies are India, Israel and Ireland, who have all been proactive in establishing diaspora networks with expatriate workers, particularly in the United States. With 200,000 Indians based in Silicon Valley and 700 Silicon Valley companies wholly or part-owned by Indians (Aikins *et al.*, 2009), the role of Indian expatriates cannot be underestimated, and their influence has been attributed to the success of the IT industry in Bangalore (Larner, 2007). For smaller countries, like Ireland, the role of the diaspora is potentially more significant (Kapur, 2001). With a population of only 4.4 million people, Ireland is a small country, however it has developed a far-reaching diaspora of an estimated

70 million people, made up of people of Irish descent and those who have an affinity for Ireland and its culture (Aikins *et al.*, 2009).

A more recent phenomenon is diaspora marketing, the marketing of products or services of a particular country to its expatriate population in another country, as a springboard to international growth (Kumar & Steenkamp, 2013). They discuss the example of Dabur, an Indian manufacturer of herbal medicines, who originally targeted the Indian Diaspora in the United Arab Emirates before expanding to target Indian Diasporas in the UK and USA. Diaspora marketing is dependent on the expatriates having the mind-set to retain close links to their country of origin, as well as the universal appeal of the product, the size of the diaspora, the socioeconomic profile of the diaspora and its ability to help the brand grow globally (Kumar & Steenkamp, 2013). Additionally, diaspora marketing relates to the idea of the Reverse Diaspora Effect, in which tourists experience local products in a particular country and attempt to replicate the experience when they return home. Kumar and Steenkamp (2013) attribute the growing popularity worldwide of Thai food to this phenomenon. They also present the example of the Mexican beer brand, Corona, as discussed by Holt (2004). The success of Corona is seen as the result of the emergence in the 1980s of Mexico as a destination for American students during their spring break, who then increasingly bought Corona upon their return home (Kumar & Steenkamp, 2013). Whereas previous studies have not focussed on the role played by Diasporas, this study recognises the need to consider how national diaspora networks and diaspora marketing can facilitate SME internationalisation. It therefore leads to the formation of the following research question.

Research question: How significant are diaspora networks in facilitating internationalisation?

The revision of the Uppsala Scholars to their original approach to internationalisation highlights the significance of networks in facilitating internationalisation, especially among small firms. Network theory is not without its criticism, however. It is argued that network theory overlooks the 'cost of membership' that is needed to join a network, as firms are required to invest resources and opportunism into the network (Chetty & Campbell-Hunt, 2003). It is clear that resources are an integral part of the discussions of networks in the literature and requires further discussion in the following section.

2.5 Resources

There is a general consensus that forming relationships or networks with foreign partners is critical for SMEs which lack significant resources to internationalise alone (Ford, 2002; Hakansson & Ford, 2002; Wilson, 2006; Wright *et al.*, 2007; Hynes, 2010; Kuhlmeier & Knight, 2010). Relationships are an important resource for a company in its development and are used to develop and exploit their resources (Ford, 2002). No single company has enough resources alone to satisfy customer requirements, they are dependent on skills, resources and the actions of collaborators in order to meet these requirements (Hakansson & Ford, 2002). Through developing relationships with foreign intermediaries, such as agents, distributors or sales representatives, the relationship that is developed between the exporter and the intermediary serves as an important source of competitive advantage (Wilson, 2006; Kuhlmeier & Knight, 2010). For Kamakura *et al.* (2012), internationalisation is a consequence of externalities of the network of relationships a firm has with customers, collaborators and even competitors, which enable the firm to widen the boundaries of its relationships. These relationships facilitate the internationalisation process of a firm through providing necessary external tangible and intangible resources (Wright *et al.*, 2007). Kuhlmeier and Knight (2010) share this point of view and state that tangible resources of smaller firms are relatively easy

to imitate, however imitating specific relationships and idiosyncratic processes that lead to better international business competencies is more complex.

The resources of a firm refer to all assets, capabilities, processes and attributes of the firm, including information and knowledge (Barney, 1991). Barney further distinguishes resources into three categories, namely physical capital resources (Williamson, 1975), such as technology, geographic location and access to raw materials; human capital resources (Becker, 1964), including education, experiences, relationships and the judgement of the firm's managers and employees; and organisational capital resources (Tomer, 1987), including informal relations both inside and outside the firm. Grant (1991) goes further by discussing six major resource categories. In addition to those of Barney, Grant also points to financial resources, technological resources and reputation. Financial resources are more of an issue for smaller companies, notably to the internationalisation of agribusiness companies (Murray, 1997; van Rooyen *et al.*, 2001). The significance of the firm's location as a determinant on export performance has largely been overlooked in the literature (Freeman *et al.*, 2012), despite recognition of the prominence of this relationship (Zahra *et al.*, 1997; Katsikeas *et al.*, 2000; Mittelstaedt *et al.*, 2006). This thesis seeks to address this issue by arguing that the location of a company is a significant unique resource in the food and drink industry, due to the profound relationship that exists between food and its place of origin (Tregear, 2001). A theoretical discussion of place is seen in Chapter 3.

Resources are seen as key components of an SME, particularly managerial, personnel, financial and knowledge resources (Knight & Cavusgil, 2004), as well as organisational, relational and network resources (Calof & Beamish, 1995). The importance of both networks (section 2.4) and resources have previously been discussed in relation to their role in

facilitating internationalisation. In addition to networks, the internet and information and communications technology (ICT) are considered vital tools in improving communication and accessing information, which helps SMEs exploit international opportunities (Georganas, 2004). Dhanaraj and Beamish (2003) recognise that possessing advanced technology enables smaller firms to expand into other markets more rapidly since high technological intensity provides unique technological know-how. Despite smaller firms having a limited capacity to build its knowledge and learning base, Mtigwe (2005) posits that a firm's competencies are heavily influenced by the flexibility of their human capital and entrepreneurial orientation. The resources a firm possesses, particularly its unique products (Cavusgil & Nevin, 1981; Akoorie & Enderwick, 1992), proprietary technology and specific management capabilities (Cavusgil & Nevin, 1981; Keeble *et al.*, 1998; Autio *et al.*, 2000) enable a firm to achieve a competitive advantage (Prahalad & Hamel, 1990). Chapter 3 discusses the significance of unique resources to the food and drink industry that are derived from place, and the need for these to be embedded into research on internationalisation of food and drink companies.

Knowledge, is a key resource for companies seeking internationalisation, as initially seen in the Stage Approach through experiential learning (Johanson & Vahlne, 2006). Knowledge is also evident in rapid internationalisation through developing international experience (Madsen & Servais, 1997). This is acknowledged in Johanson and Vahlne's (2009) revision of internationalisation, as they point to the prior knowledge and relationships acquired by founding entrepreneurs as a means of explaining the rise of international new ventures. Business networks and relationships represent an opportunity for companies to develop international market knowledge as a means of facilitating internationalisation. Knowledge about network partners developed through business activities is likely to lead to business

opportunities that firms outside the network are unable to find (Johanson & Vahlne, 2009). In a business relationship both parties learn from each other and adapt to each other's needs and capabilities, creating inter-organisational routines, enabling the transfer of knowledge between each party, which would not exist if they only made arm's-length transactions (Zollo *et al.*, 2002).

Additionally, business networks are also seen as a way of reducing uncertainty (Johanson & Vahlne, 2011; Hollensen, 2014) associated with internationalisation. The liability of foreignness (Hymer, 1976), unavoidable social and economic costs associated with international operations (Gaur *et al.*, 2011), presents a barrier to internationalisation due to a lack of market-specific knowledge (Johanson & Vahlne, 2009). Hollensen (2014) points to the exploitation of the manager's international experience and skills as a less uncertain way to internationalise. This relates to Manolova *et al.* (2002) who state that internationalisation is linked to the perceptions of the manager in the level of uncertainty of the environment of an international market. The development of relationships creates a long-term stabilising effect on exchanges between companies, creating less uncertainty about future exchanges (Johanson & Vahlne, 2011). Thus, the acquisition of relevant knowledge is an important factor for companies in reducing the uncertainty associated with internationalisation, and therefore a central issue to any study on SME internationalisation.

2.5.1 The Resource-Based View (RBV)

The Resource-based View explores the idea that a firm can achieve a competitive advantage through the application of its valuable resources (Wernerfelt, 1984). The concept of competitive advantage is derived from Porter's (1985) work on competitive strategies analysis. He stated that the ability of a company to create value for its customers above the

costs of creation, would lead to a competitive advantage. Thus, competitive advantage is closely related to the internal capabilities of a company (Spanos & Lioukas, 2001). Porter (1985) pointed to two types of competitive advantage, namely low cost or differentiation, as seen within the Generic Strategies model. A differentiation strategy sees a company seeking to achieve uniqueness in the industry within dimensions that are valued by buyers. This differentiation can be seen on different levels, but logically requires a firm to choose attributes with which to differentiate it from rivals. Differentiation grows out of the company's value chain, therefore a wide variety of value activities can be considered as sources of uniqueness (Porter, 1985). This includes marketing activities, as well as the location of a firm (see chapter 3). Furthermore, Porter (1985) recognises various signalling criteria that reflect the signs of value from the buyer perspective, these include the reputation and image of a firm, as well as cumulative advertising, packaging and labels. These issues are discussed further in relation to place in chapter 3.

At the heart of the resource-based view is the idea that a company is able to achieve a sustainable competitive advantage if it manages to acquire and control resources and capabilities that are valuable, rare, inimitable, non-substitutable (VRIN) (Barney, 1991). Additionally, the research also discussed the importance of organisational (O) resources, occasionally included as part of a VRIO framework (Kraaijenbrink *et al.*, 2010). Both Barney (1991) and Amit and Schoemaker (1993) support the idea that having rare and inimitable resources and capabilities leads to the firm's superior performance. Knowledge embedded within the human resources of a firm is recognised as a key source of competitive advantage (Barney, 1991; Westhead *et al.*, 2001). Indeed, a revision ten years after publishing his original paper saw Barney *et al.* (2001) discuss the RBV and its significance to various business fields, such as entrepreneurship, marketing and international business.

From an entrepreneurship perspective, the expanding knowledge base of the entrepreneur through experience and learning are key to the achievement of a sustainable competitive advantage. This increasing experiential knowledge development echoes the idea of incremental learning in the Stage Approach. Marketing is a field that lacks significant research in relation to the RBV, and research is necessary to understand the need for rare resources to be seen in terms of customer needs, as well as assessing inimitability in relation to rivals' imitation capacities (Srivastava *et al.*, 2001). In terms of international business, the RBV is seen to enrich newer theories, such as International Entrepreneurship (see section 2.6). The RBV has contributed to understanding on how to overcome the liability of foreignness and explored resources needed for product and international diversification (Peng, 2001). Indeed, significant international experience gleaned by top managers is firm-specific knowledge that is difficult to imitate (Barney *et al.*, 2001). The RBV contributes to internationalisation theory, particularly foreign mode entry, by discussing the role played by firm-specific advantages in pushing a firm into a foreign market, as well as the pull effect of the firm's resource capabilities. This research relates specifically to multi-national enterprises (MNEs), however there is a need for further research into how this relates to SMEs. Indeed, Barney *et al.* (2001) argue that RBV research casts doubt on the Stage Approach due to the fact that new and small companies have the ability to possess resources to enable rapid internationalisation. The greater knowledge a company possesses, the earlier internationalisation can occur (Autio *et al.*, 2000). Barney *et al.* (2001) also emphasises the importance of network ties as an intangible resource for entrepreneurial start-ups as a means of acquiring advantages over rivals in international markets.

From the different approaches to internationalization discussed above, it is evident that resources, particularly knowledge, are common to each. The stage models explore the idea

of small enterprises learning from their experiences and reducing the psychic distance of external markets as they increase knowledge at each stage (Johanson & Wiedersheim-Paul, 1975), whereas rapid internationalisation models point to the fact that enterprises are able to take advantage of their international experience and technological knowledge to enter foreign markets more rapidly (Madsen & Servais, 1997). The role of developing foreign market knowledge and international relationships is central to network theory (Ford, 2002; Hakansson & Ford, 2002; Wright *et al.*, 2007). With this, companies are able to exploit resources as a means of facilitating internationalisation. It is evident from the relevant literature that resources are at the heart of a company's propensity to internationalise and can influence all levels of the decision-making process, such as the selection of international development strategies (Wolff & Pett, 2000; Dhanaraj & Beamish, 2003; Pett *et al.*, 2004). Entrepreneurial resources, particularly financial and technological resources possessed by the entrepreneur, are also key themes of International Entrepreneurship theory (McDougall & Oviatt, 2000; Dhanaraj & Beamish, 2003), as discussed in section 2.6.

2.6 International Entrepreneurship

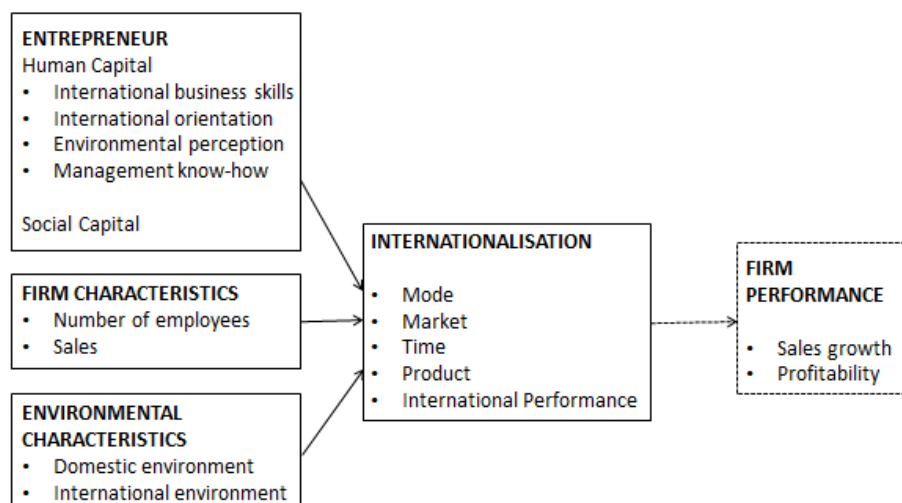
International Entrepreneurship has emerged as a field of research since the late 1980s, uniting entrepreneurship and international business in looking at cross-border entrepreneurship (Coviello & Jones, 2004; Oviatt & McDougall, 2005). Entrepreneurship is defined as “the creation of new economic activity”, which includes new venture activity and new economic activity for established firms (Davidsson *et al.*, 2006, p. 27). International entrepreneurship can thus be considered the creation of new economic activities on an international scale. International activities, such as exporting, are a means in which small companies can generate growth, create value and obtain new knowledge and technology

from abroad (Yeoh, 2004). There is no universally-agreed definition of International Entrepreneurship, with theories evolving over time. McDougall and Oviatt (2000, p. 903) defined it as “...a combination of innovative, proactive and risk-seeking behaviour that crosses national borders and is intended to create value in organizations”, however a more comprehensive definition is offered by Mtigwe (2006):

“...a courageous managerial value creation process through which an individual engages in innovative, proactive, calculated risk-taking behaviour designed to prosecute foreign business opportunities presented by multinational market successes and imperfections for financial and non-financial rewards.” (Mtigwe, 2006, p. 17)

The various definitions of International Entrepreneurship highlight the key aspects of this field as innovation, proactivity, risk-taking and recognising and exploiting opportunities in which the firm can achieve competitive advantage. Three subcategories have been identified as antecedents to cross-border entrepreneurship, namely factors related to the entrepreneur, the firm and the environment (Ford & Leonidou, 1991; Antoncic & Hisrich, 2000; Ibeh, 2006). These factors are evident as influences towards internationalisation in the conceptual model of International Entrepreneurship (Antoncic & Hisrich, 2000), as shown in Figure 2.7.

Figure 2.7: International Entrepreneurship Conceptual Model



Adapted from Antoncic and Hisrich (2000)

2.6.1 Entrepreneur

Numerous studies have discussed the role played by characteristics of the entrepreneur as a determinant on the internationalisation of the company (Axinn, 1988; Reuber & Fischer, 1997; Ellis, 2000). Personnel-related factors primarily concern the willingness and influence of the key personnel, including the owners, managers, founders and main decision-makers within the company. Since the decision power within SMEs is concentrated in the hands of one person or a small managerial team, the role of the owner/entrepreneur is extremely influential in the company (Andersson & Evangelista, 2006). The model of International Entrepreneurship (Antoncic & Hisrich, 2000), shown in Figure 2.7, distinguishes between human capital and social capital as significant entrepreneur characteristics. Human capital refers to the knowledge and skills of the personnel of a firm (Shepherd & Wiklund, 2005). Through education, training and experience a firm can develop its human capital in order to achieve a competitive advantage (Olivares-Mesa & Suarez-Ortega, 2006). Social capital is the ability of a firm to build relationships with others. In order to do so, it is necessary to establish good communication networks (Jones & Coviello, 2005), which demands good interpersonal skills (Eyre & Smallman, 1998). Social capital is vital for small companies in gaining knowledge of foreign markets and institutions (Olivares-Mesa & Suarez-Ortega, 2006), regulations and procedures, and helps them identify suitable foreign partners, suppliers or agents as distribution channels (Bell *et al.*, 2004).

International Entrepreneurship literature points to two key managerial factors of the entrepreneur as objective factors, namely the entrepreneur's background, education and experience; and subjective factors, which include the entrepreneur's perceptions, attitudes and decision-making. The international orientation of a company, that is the vision and

ambition of the firm's decision-makers to engage in international activities, is shaped by the experiences of the management, particularly their educational background, language skills, foreign culture awareness, knowledge of foreign markets and contacts (Lloyd-Reason & Mughan, 2002). The international experience of the entrepreneur or manager of a firm is an advantage in terms of knowledge of foreign institutions, laws, standards and languages (Oviatt *et al.*, 1995; Bloodgood *et al.*, 1996; Eriksson *et al.*, 1997; Reuber & Fischer, 1997). An OECD report (2009) found that companies in Canada were twice as likely to internationalise when the owner/manager expressed intentions for growing the company. Managers are influenced by the need for the business to grow, to increase market size and strengthen its market position, which in turn reduces its dependence on only one or a few markets. Since the internal factors are within the control of the owners/managers, they are able to determine the type of strategies to adopt in the international marketplace.

The age of the owner/manager is an influential aspect in the firm's international success (Manolova *et al.*, 2002; Andersson & Evangelista, 2006). Growing up in a more global world, younger owner/managers are often able to develop international networks through their international studies or travel experiences, which enable them to exploit international entrepreneurial activities (Andersson & Evangelista, 2006). This view is shared by Ibeh and Young (2001), who found that export-entrepreneurial firms are more innovative and proactive in developing export activities and less averse to taking risks. Conversely, Westhead *et al.* (2001) consider that older managers are able to benefit from greater resources, information, know-how and networks, making them more likely to export. Reuber and Fischer (1997) recognise that international experience allows SMEs to internationalise at a faster rate than firms that lack experience. This supports the reasoning behind rapid internationalisation.

2.6.2 Firm Characteristics

Firm-specific drivers to internationalisation allude to resources and competencies, entrepreneurial orientation and the characteristics of the firm (Chetty & Wilson, 2003; Jones & Coviello, 2005). As discussed in the previous section, the characteristics of the entrepreneur's background, international experience, connections and entrepreneurial spirit are seen as essential for International Entrepreneurship firms (Evangelista, 2005). It is thought that the characteristics of the firm's founders are embedded in the company culture and the firm is organised towards channelling the collection and interpretation of knowledge in order to facilitate foreign market activities. Schumpeter (1934) identified action as an important criterion for entrepreneurs. In order for entrepreneurs to take action, the firm must possess relevant resources and know-how, which are more extensive than those possessed by the entrepreneur alone, highlighting the importance of networks to the firm in obtaining these resources.

The firm's philosophy, notably its values, attitudes and perceptions towards internationalisation (Jones & Coviello, 2005), is a driving force towards international expansion. This relates to how the key personnel of the firm perceive the benefits, risks and cost of internationalisation (Oviatt & McDougall, 2005), their entrepreneurial vision (Evangelista, 2005), whether they remain committed to confronting the challenges in order to achieve the firm's potential (Mockaitis *et al.*, 2006) and whether they trust their intuition (Eyre & Smallman, 1998). Delaney (2004) points to the need for small firms to possess a global mind-set, which can be developed by being adaptable towards changes; willing to travel, learning and taking risks; building strong relationships; possessing managerial and leadership skills and developing personal traits, particularly passion, innovation and patience (Larson,

1992). Entrepreneurial orientation relates to the way in which a firm aligns its processes, practices and managerial activities towards new markets (Lumpkin & Dess, 1996) and explains the firm's willingness to take risks in order to reach its targets, adopt the latest technology and adapt to changes in the business environment (Miles, Arnold, & Thompson, 2011). It is argued that a strong entrepreneurial orientation assists firm growth and expansion, leading to better performance (Becherer & Maurer, 1997; Prashantham, 2004).

Several firm characteristics, such as the size, age, structure, products, industry, ownership status and location of a firm, act as significant firm-specific drivers to international expansion. It is recognised that the size of the firm affects its international behaviour (Olivares-Mesa & Suarez-Ortega, 2006), this is seen in terms of employment and sales (Chetty & Hamilton, 1993; Westhead, 1995; Lefebvre & Lefebvre, 2002). The age of the firm influences the speed at which it internationalises (Zahra & George, 2002). The products of a firm dictate the industry to which it belongs, which is significant since different industries have varying impacts on the internationalisation process (Boter & Lundström, 2005). By pioneering the development of new goods and services, International Entrepreneurship firms are able to capture international markets (Evangelista, 2005; Kumar & Liu, 2005). Additionally, the location of a firm can be advantageous, if situated close to infrastructure facilities (Walker & Brown, 2004; Boter & Lundström, 2005). The significance of location to SME internationalisation is discussed further in chapter 3.

2.6.3 Environment

A number of external factors also exist as key drivers to internationalisation, relating to market conditions, government factors, environmental characteristics, and the competitive environment. Market conditions represent a wide range of issues, notably the size,

availability, sales potential, quality of infrastructure and facilities in a domestic or foreign market and their effect on the internationalisation process (Root, 1994; Jones & Coviello, 2005). It has been found that a fall in production costs in the domestic market (Axinn, 1988) and the small size of the domestic market have had a positive impact on internationalisation (Rasmussen *et al.*, 2001). Hollensen (2014) cites a low market potential, such as a saturated domestic market as a reason for exporting, whereas Crick (2004) suggests that some SMEs only export when demand is limited in the domestic market. Additional market conditions as motives to internationalisation are discussed in section 2.7.

Government issues that affect internationalisation include regulation, procedural customs, export policy, endowments and incentives (Root, 1994; Mtigwe, 2005). Boter *et al.* (2005) acknowledge that administrative, fiscal and legal regulations can have an effect on a firm's internationalisation decision, particularly smaller firms. However, support is available through government schemes, which offer incentives to internationalise (Suárez-Ortega & Álamo-Vera, 2005). Governments support international entrepreneurship, particularly exports, with the aim of increasing national wealth and improving the international competitiveness of its economy (OECD, 1997). Andersson and Evangelista (2006) advise firms to focus on analysing their own competencies rather than follow general guidance. Additionally, they argue that government actors should target new entrepreneurial firms, which possess the necessary experience, vision, ambition and connections in order to internationalise, since firms that lack these resources are unlikely to achieve international expansion, even with external support.

Environmental characteristics that can affect internationalisation allude to political, economic, social, technical and legal issues in both in the home and target countries (Root, 1994). Lumpkin and Dess (1996) identify four elements of the environment: Dynamism, the

amount and speed of change; munificence, the scarcity or abundance of resources needed for internationalisation; complexity, regulations, competition and demand for technology in the foreign environment; and industry characteristics. Furthermore, the competitive environment represents levels of competition related to price, performance, design, patent protection, brand names, packages and services (Root, 1994). According to Etemad (2004), the competitive environment is influenced by cooperation with others; therefore forming relationships is essential for SMEs to gain knowledge of competition in both domestic and foreign environments (Karagozoglu & Lindell, 1998; Rundh, 2003; Oviatt & McDougall, 2005). Penrose (1959) posited that entrepreneurs interpret the environment in different ways, which leads to different ways of thinking and different mental models (Hellgren & Melin, 1993). These mental models shape the vision of the entrepreneur, thus impacting the firm's strategy. The speed in which a firm internationalises is influenced by its understanding of the environment (Etemad & Chu, 2004). This includes domestic and foreign market conditions, such as technology, related industries and support from governmental institutions, trade associations and educational institutions.

2.7 Drivers to Internationalisation

A review of the main themes of internationalisation (see Figure 2.1) identified a number of factors, however several studies focus more broadly on motives of internationalisation, namely proactive and reactive motives (Czinkota & Ronkainen, 2006; Hollensen, 2014) and push and pull factors (Etemad, 2004). Proactive measures focus on the company actively seeking internationalisation, with Hollensen (2014) pointing to making money as a fundamental motive. Both Hollensen (2014) and Czinkota & Ronkainen (2006) identify similar proactive motives, focussing on achieving firm advantages and growth opportunities from

foreign market operations. These advantages include increased profits, economies of scale, developing market information and exploiting opportunities in foreign markets. Comparing both studies (see Table 2.4), market size is significant for Czinkota and Ronkainen (2006) whereas tax benefits presents a proactive motive to Hollensen (2014).

Reactive motives refer to responses to home market conditions and competition, which push companies into seeking international activities. Both studies identify issues relating to excess capacity and overproduction of goods as a motive to internationalisation, as well as the pressure of competition in the domestic market (Czinkota & Ronkainen, 2006; Hollensen, 2014). Unsolicited foreign orders and psychological distance are key motives for Hollensen (2014), as companies can begin by internationalising to more familiar markets where there is a clear demand for their products. This echoes the principles of the Stage Approach as companies internationalise to geographically and culturally closer markets, where market knowledge is relatively good, reducing the risk to internationalisation.

Table 2.4: Comparison of proactive and reactive motives to internationalisation

Authors	Czinkota & Ronkainen (2006)	Hollensen (2014)
Proactive Motives	Managerial urge Profit advantage Economies of scale Exclusive market information Unique products Technological advantages Foreign market opportunities Market size	Managerial urge Profit and growth goals Economies of scale Market information Unique product Technology competence Foreign market opportunities Tax benefits
Reactive Motives	Competitive pressures Excess capacity Declining domestic sales Saturated domestic market Overproduction Proximity to customers and ports	Competitive pressure Overproduction/ excess capacity Small & saturated domestic market Unsolicited foreign orders Extend sales of seasonal products Proximity to international customers Psychological distance

Adapted from Czinkota & Ronkainen (2006) and Hollensen (2014)

In the above table, Hollensen (2014) alludes to the fact that a company may be pulled into entering a foreign market through fear of losing the market by not entering at the right time, especially since market share is most easily obtained by early mover advantage. The OECD report (2009) highlights the existence of regional and national market drivers, which push companies to internationalise. This was observed in studies in Canada (Orser *et al.*, 2008) and in Sweden (Rundh, 2007). Furthermore, a study in Spain (López, 2007) found significantly different trends in export tendencies, with export propensity greater in regions with less favourable domestic conditions, local incentives to export and good export infrastructure. Similarly Etemad (2004) discusses motives of internationalisation in relation to push and pull factors, as different domestic market conditions act to push companies to seek international activities, as well as foreign market conditions pulling companies abroad. Table 2.5 also includes interactive push-pull factors.

Table 2.5: Push, Pull and Interactive Push-Pull Factors

Push Forces	Pull Forces	Interactive Push-Pull Forces
<ul style="list-style-type: none"> • Founder/Manager characteristics • Economics of operations • Characteristics of competition and strategy • Economics of R&D, innovation and technological change • High-technology products and market characteristics • Strategic logic of international operations 	<ul style="list-style-type: none"> • Liberalization of international markets • Advances in information and communication and transportation technologies (ICTTS) • Attraction and resources of partners • Attraction of serving current buyers' and suppliers' international needs 	<ul style="list-style-type: none"> • Industry characteristics and drivers • SME's need for financial resources • The dynamics of learning organisations • Leveraging capabilities, products, and resources • Internationalized needs of customers and suppliers

Adapted from Etemad (2004)

The above table includes several factors that have been discussed in previous sections. Characteristics of the founder/manager of a company were discussed in International Entrepreneurship. Here they are seen as a factor that pushes a company to internationalisation. Other push factors relate to market and competition characteristics. Favourable foreign market conditions are also evident in the pull factors, as companies can look to take advantage of opportunities available in foreign markets. Interactive push-pull factors contain elements of both factors, such as the need for SMEs to acquire financial resources, which are available in foreign markets.

2.8 Barriers to Internationalisation

The discussion of the relevant literature thus far has highlighted the complexities of internationalisation. In addition to the motives discussed in section 2.7, the literature discusses a number of issues that act as barriers, particularly “...all those attitudinal, structural, operational and related constraints that hinder firm export expansion” (Leonidou et al. (1996, p. 537). It is regarded that the perception of such barriers changes according to their type and severity (Dichtl *et al.*, 1990), however it is also argued that obstacles can exist at all stages of the internationalisation process (Bilkey & Tesar, 1977; Cavusgil, 1980; Leonidou & Katsikeas, 1996).

Internal and external barriers to Internationalisation are identified on both a domestic and foreign level (Leonidou, 1995; Morgan, 1997). Internal-domestic issues represent any firm problems that occur in the home country, particularly involving the availability of resources, managerial or production incapability and a focus on domestic sales. Internal-foreign issues involve firm problems occurring in the foreign market, including difficulties with transportation and logistics, financial issues, limited knowledge, high costs and risk. External-

domestic issues refer to problems in the firm's home country which are related to the external environment, notably complex exporting bureaucracy and procedures, lack of government support, lack of awareness to available support and facilities, a high technical standard, high exporting costs and limited venture capital. External-foreign issues represent external environment problems in the foreign market, including foreign government regulations, currency rates, strong competition, lack of market knowledge and differences relating to customs, language and culture.

Results from a 2003 survey conducted by the European Commission's European Network for SME Research (ENSR) (European Commission, 2004) identified high costs as being the most cited barrier to internationalisation. Other findings found that fewer small companies internationalise. Hollensen (2014) identifies similar insufficiencies, pointing to a lack of finances, knowledge, connections and foreign distribution channels, as well as the company's emphasis on the domestic market. Having sufficient business in the domestic market is seen as a major factor in the decision not to export. Westhead et al. (2002) share the same opinion, as companies focus on the local market. Hollensen (2014) categorises the key obstacles as general market risks (market distance, competition and cultural differences), commercial risks (exchange rates, financing and export delays) and political risks (foreign government restrictions, tax regulations, tariffs and limited government assistance in overcoming barriers).

Existing theories are not reflective of the barriers to internationalisation for SMEs, who face many challenges against larger more established firms (Etemad, 2004). In this respect, the main obstacles to SME internationalisation are limited resources, the fast pace of the business environment, increasing R&D costs and shorter product and technological life cycles. It is

therefore essential for SMEs to develop their own distinctive competences related to assets, capabilities and strategies to overcome the obstacles to market entry, exit and competition (Etemad, 2004). Different industries present different challenges to internationalisation (Fillis, 2002), therefore it is necessary to examine barriers according to their context (Crick *et al.*, 1998). Dana's study (2003) of the fresh food industry in New Zealand revealed transportation services, high transportation costs and excessive exporting tax to be the main barriers. The study focusses on food producers on the Chatham Islands, a remote location situated about 800km from Christchurch in New Zealand. Certainly geographic locations can present a barrier to internationalisation, however in the case of fishermen on the Azores, the remote location in the middle of the Atlantic Ocean was overcome by engaging with diaspora networks (Camara & Simeos, 2008). Chapter 3 discusses the challenges and opportunities that exist between urban and rural locations in relation to the propensity of SMEs to internationalise.

This study considers the need to analyse critical success factors of internationalisation based on the experiences of both exporting and non-exporting companies in order to gain an in-depth analysis specific to the food and drink industry. It is therefore necessary to gain a comprehensive understanding of the barriers that prevent certain companies from internationalising. This leads to the formation of the next research question.

Research question: What are the most significant barriers to SME internationalisation?

2.9 Conclusion

The volume of literature available on this subject is a reflection of the different issues that relate to this field, however most authors agree that internationalisation is a dynamic and evolutionary process through which companies develop international awareness (Kamakura *et al.*, 2012). Indeed, research in this field has spanned numerous industries, countries and

evolved over a period of great change in technology, as well as opportunities with the growth of globalisation and the internet (Sparkes & Thomas, 2001). The vast variety of studies in the field serve as a reminder of the importance of the context of each particular study, whether this be specific to an industry, market or distinct theme. Indeed, whereas previous studies seek to generalise findings across numerous industries, calls for more industry-specific research (Fillis, 2008) confirm the need to focus solely on one industry. It is appropriate, therefore, for this study to focus on a relatively untouched area of research, that is an analysis of the critical success factors of SME internationalisation in the food and drink industry.

A large number of studies discussed in this chapter stem from more theoretical or conceptual studies, with empirical studies rather limited in comparison (Kamakura *et al.*, 2012). These studies have identified a wide range of variables that can be considered to bear an influence on the propensity of small businesses to internationalise. Despite the differing contexts in which these studies have been conducted, it is necessary to consider all of these factors as having the potential to influence internationalisation within SMEs in the food and drink industry, due to the lack of research that has been conducted specifically in this industry.

Many studies discussed in this chapter have focussed on specific issues in relation to internationalisation, this is largely dependent on the time period in which the study was conducted, as the literature has seen a considerable evolution since the main ideas of the Stage Approach were first discussed in the 1970s. This evolution is evident in the developing discussions of this chapter and the literature map presented in Figure 2.1. One prominent study which aims to marry a number of the issues presented in this chapter is Kamakura *et al.* (2012), which discussed internationalisation in relation to the Resource-Based View (RBV), Market-Based View (MBV) and Network-Based View (NBV). The study discusses firm-specific

advantages that influence internationalisation in the context of Spanish SMEs, but concludes that inherent challenges exist in the agricultural sector due to differing structures and behaviours among firms. The authors also call for more country-specific research.

It is evident from the discussion of literature on SME internationalisation that research has come a long way since the early work of the Uppsala scholars. Despite this, the Stage Approach retains its relevance in the modern context, since smaller companies that do not possess the relevant capabilities to internationalise have a tendency to follow the incremental patterns of international growth seen in the stage models. However, there is also a need to consider other emerging influences over the past decades which also help to explain SME internationalisation. It is evident that some companies are able to internationalise from their inception, therefore it is necessary to consider the company context when assessing their internationalisation activities.

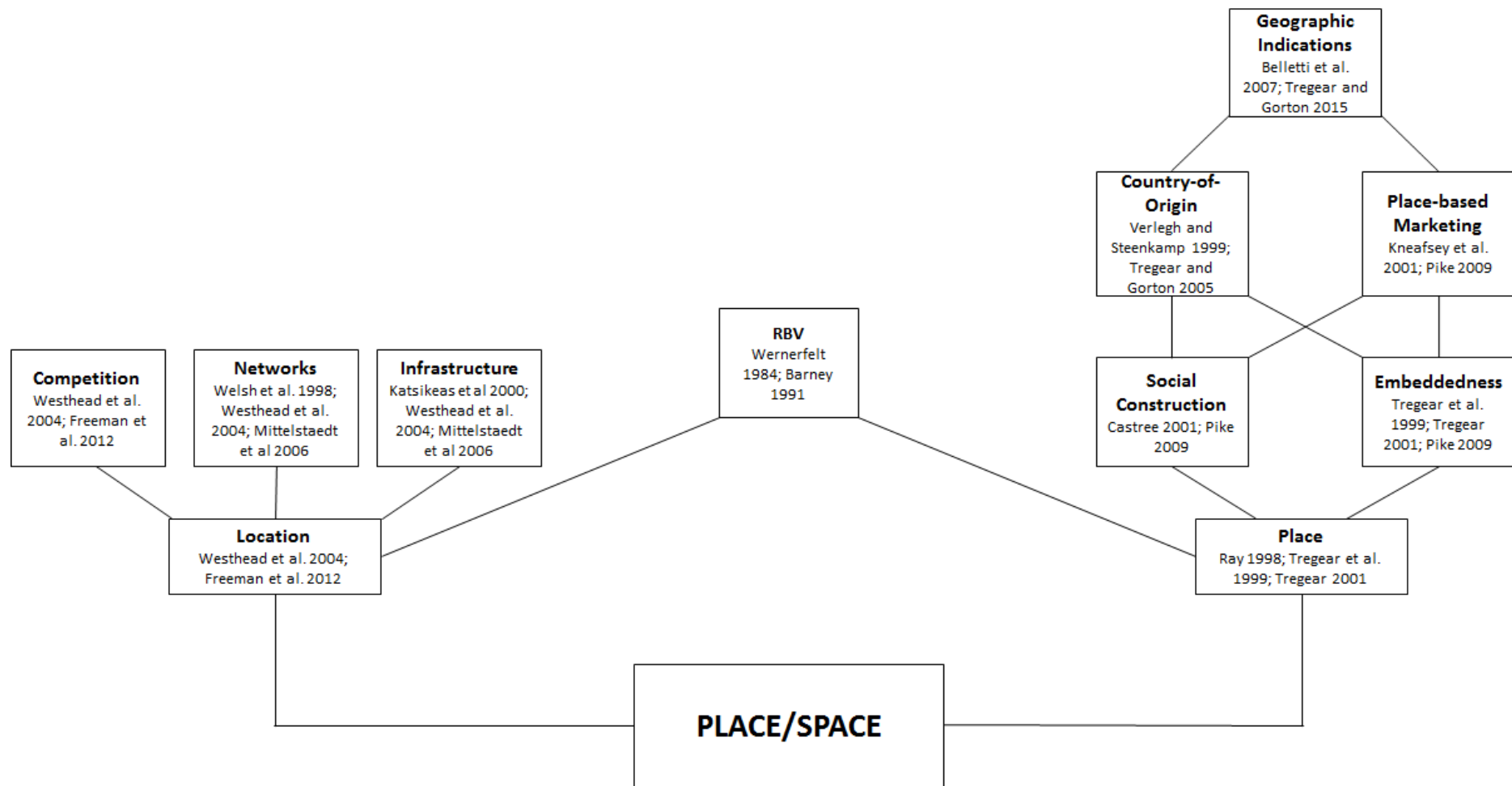
This chapter presented a theoretical background to SME internationalisation as one of the main areas of consideration for this study. It highlighted that, as well as forming part of the overall focus of this study to understand the critical success factors of SME internationalisation in the food and drink industry, two other significant contributions this study aims to achieve are the analysis of diaspora networks as a means of facilitating internationalisation, and a focus on the barriers that prevent certain companies from internationalising. The next chapter seeks to build on the theories presented in this chapter by discussing the significance of place-based issues on internationalisation. Thereafter, chapter 4 draws together the discussions of both theoretical chapters and presents a conceptual framework designed to encapsulate the main constructs upon which this study is based.

Chapter 3: Place: A Theoretical Background

The previous chapter presented a theoretical background to SME internationalisation and highlighted specific issues relating to the food and drink industry. As previously mentioned, place issues merit closer attention, given the deep-rooted associations between food and its place of origin (Tregear, 2001). Whereas traditional theories (as seen in chapter 2) have seen considerable discussion, place-based research is limited in SME internationalisation. This study, therefore aims to consider the significance of place on the propensity of internationalisation within food and drink SMEs.

All food products have their specific place of origin and modern marketing often uses place as a means of differentiating products and creating competitive advantage. Although SME internationalisation literature considers a number of determinants (as seen in chapter 2), this chapter argues that the role of origin and use of cultural branding are significant in food and drink SME internationalisation. In light of recent scandals in the meat industry, such as BSE, Foot and Mouth Disease or the horsemeat scandal, traceability and trust in the origins of food have grown in prominence (McEvoy, 2016; McElwee *et al.*, 2017). Thus, this chapter presents a theoretical discussion of place and its impact on internationalisation. This includes the effect of location-specific issues, the natural embeddedness of place in food products and the promotion of food products through social constructions of place. Firm-related factors such as resources, connectivity and support networks are considered, as well as the use of place-based marketing. Theories relating to firm location and Country of Origin (COO) are drawn upon as mechanisms for facilitating internationalisation within such firms. Figure 3.1 presents a literature map identifying the main issues that are discussed in this chapter, as well as identifying the relationships that exist between these issues.

Figure 3.1 Literature map for issues of Place in relation to SME internationalisation



3.1 What is 'Place'?

The question of 'place' is a fundamental topic of discussion, particularly in Human Geography (Henderson, 2009), with borders and spatiality also aspects of what constitutes place. These issues incorporate geographic, economic, social and cultural matters (Cresswell, 2008). Place is defined as "a meaningful location" (Cresswell, 2004, p. 7). Agnew (1987, p. 28) identifies location, locale and a sense of place as three fundamental elements of place as a meaningful location. Here, location refers to a geographical area encompassing the settings for social interaction, whereas both informal and institutional social relations constitute the locale. The sense of place is associated with feelings and identification to a place. The notion of meaning is significant, since places are ways of seeing, knowing and understanding the world. However, places evoke many different visions; they are a realm of meaning and experiences, in which people give meaning to and experience the world (Cresswell, 2004). Places are unique and often contain special qualities (Farinelli, 2003).

Meanings associated with places are seen both as being natural and socially constructed. Heidegger (1971) focussed on the humanistic approach to place as a dwelling, the place someone calls home. Tuan (1974, p. 4) introduced the idea of Topophilia, an "affective bond between people and place". People see different things in places and attachments exist between people and the place (Cresswell, 2004), influenced by a range of demographic, social, physical and symbolic factors (Hernández *et al.*, 2007; Florek, 2011). For Relph (1976) this attachment is epitomised by having roots and a deep sense of care for a place. This relationship is seen as both necessary and inevitable, as it gives significance to human existence. Connections between people and places are linked to identity, as those with a profound feeling to place express a stronger identity to the place; and authenticity. Those

who have an authentic attitude to place have a sense of place and are aware of the deep and symbolic significance of places and their identities (Relph, 1976).

Contrasting this authenticity is the idea that place, as well as space and time, are social constructions (Harvey, 1996). Further proponents of the social construction of place include Sack (1997) and Malpas (1999), who suggest that humans are unable to construct things without first being in place. Cresswell (2004) supports this idea, arguing that place is a necessary construction conceived through humanity, that is, place did not exist before humanity; once humanity came into existence, so did place. Despite being constructed, places have histories of economics, politics, gender, class, ethnicity and a variety of stories. The construction of a place is therefore seen as the result of these histories (Allen *et al.*, 1998).

Globalisation has brought a homogenisation of place, as places start to resemble one other all over the world. This is manifested in fast food outlets, airports or shopping malls, spaces that are disconnected from the local environment, suggesting that attachments to place are no longer as strong (Cresswell, 2004). This was observed by Relph (1976) who spoke of 'placelessness', an inability to have authentic relationships to place due to the sameness of modern places. The blame for this is pointed at mass culture - the mass movement of people, tourism and the growing Disneyfication, museumisation and futurisation of places. In modern times, globalisation has caused a loss of a sense of place, as homogenised global spaces have eroded cultures (Cresswell, 2004). Mobility thus calls into question the rootedness and authenticity of places of meaning (Cresswell, 2004). Cresswell supports Massey's (1991) discussions of a global sense of place as seeing place as a process; place as defined by the outside; place as a site of multiple identities and histories; and a uniqueness of place defined by its interactions. However, through social construction, places can be seen as 'products'

sold in a variety of ways (Warnaby & Medway, 2013), with place branding providing a narrative to places, bringing attachment to the place by both internal and external audiences, and providing competitive advantage (Colomb & Kalandides, 2010).

Discussions on space and place highlight distinctions between different places, presenting dichotomies of urban and rural, core and periphery or developing and developed places. Such dichotomies risk alienating true reflections of places, as invariably places exist in between. On a global scale, distinctions are made between developed and developing places, with two-thirds of the world's population located in 'poor' or 'developing' locations (Potter & Conway, 2011). World systems theory distinguishes between the core, developed countries at the centre of global wealth; periphery, developing countries; and the semi-periphery, those located in between (Wallerstein, 1974). The mobility associated with globalisation has created a brain drain from periphery to core areas (Rizvi, 2005), mostly between peripheral rural and core urban areas. Yet, recent research highlights the role of globalisation in blurring the boundaries between these areas. This is manifested through the gentrification of rural areas as urban spaces spill over city edges, or the creation of urban 'villages' attempting to imitate rural life within cities (Clope, 2011).

The above discussions underline place as the bedrock of humanity (Cresswell, 2004) and that globalisation has brought challenges and opportunities in the way that place is conveyed. This chapter distinguishes between place and location in relation to their role on food and drink SME internationalisation. Firstly location-specific issues are discussed, based on local networks, competition and infrastructure within the location. Secondly, the concepts of embeddedness and social construction of place are discussed in relation to the food and drink industry, particularly exploring Country-of-Origin (COO) and place-based marketing.

3.2 Firm Location

No commonly agreed definition exists as to the constitution of location, particularly with regards to differences between metropolitan and rural areas. In fact previous studies of this nature have largely overlooked the significance of the firm's location as a determinant on export performance (Freeman *et al.*, 2012), despite recognition of the prominence of this relationship (Zahra *et al.*, 1997; Katsikeas *et al.*, 2000; Mittelstaedt *et al.*, 2006). Conceptual and empirical studies thus provide an incomplete view of SME internationalisation (Westhead *et al.*, 2004), which this study aims to address.

The previous chapter discussed the impact of the Resource-based View (RBV) (Wernerfelt, 1984) as presented in the traditional literature on SME internationalisation, which is considered a key theory within the field (Zou & Stan, 1998; Wolff & Pett, 2000; Morgan *et al.*, 2004). However Freeman *et al.* (2012) accentuate the significance of this approach in relation to firm location. The RBV alludes to the ability of a firm to achieve and sustain competitive advantage through unique resources and capabilities (Ray *et al.*, 2004; Akhter & Robles, 2006), particularly resources that are valuable, rare, inimitable and non-substitutable (VRIN) (Barney, 1991; Barney *et al.*, 2001; Westhead *et al.*, 2002). Freeman *et al.* (2012) consider the RBV to be particularly relevant to the role played by location on SME internationalisation, since the location of a firm directly impacts upon its capacity to develop resources and capabilities suited to export. The success or failure of a firm can be predicted, firstly, by the specific resources available and the capabilities it can develop, and secondly by the attractiveness of the market in which the firm operates (Chmielewski & Paladino, 2007). As seen in the previous chapter, the literature relating to the RBV approach and SME internationalisation discusses the nature of the resources and capabilities required for export-

related activities. In addition to information, relationships and capabilities for the development of new products (Morgan *et al.*, 2004), the most significant resources are acknowledged as being physical, human, organisational and financial resources (Barney, 1991; Morgan & Hunt, 1999; Haber & Reichel, 2007). Studies recognise that a rural location brings inherent challenges to SMEs (Lages, 2000; MacGregor & Vrazalic, 2005; Meccheri & Pelloni, 2006), notably related to accessing key financial, human and infrastructural resources, which proves less challenging for urban-located business, who also benefit from knowledge spillovers (Capello & Faggian, 2005).

3.3. Rural v Urban Locations

The literature on SME internationalisation lacks distinction between rural and urban SMEs and the contrasting availability of resources (Westhead *et al.*, 2004), an area this study seeks to address. A common theme within the literature on firm location is the disadvantages observed in rural areas. Economic development in rural areas “poses special challenges because of geographic isolation and sparse population” (Atherton & Hannon, 2006, p. 49). Challenges identified in relation to remote firms include difficulties in attracting investment, lack of access to business services, such as accountants, lawyers, financial institutions and government agencies; recruiting and retaining skilled members of staff, access to suitable infrastructure and distances from both domestic and international markets (Smallbone *et al.*, 2003). One study acknowledges these challenges in relation to parts of rural West Wales (Fuller-Love *et al.*, 2006), concluding that effective support measures for rural entrepreneurship differ widely according to the context and external influences.

Entrepreneurial firms in rural areas with a lower business density face a greater need for information as a means of improving competitiveness (Van Horn & Harvey, 1998). The

previous chapter discussed the importance of networks in providing companies with the ability to exploit resources both on a domestic and international level. This is reaffirmed by Boschma (2005) who identifies networks as a means of developing knowledge creation, which in turn is critical in developing competitive advantage. Both Krugman (1991) and North and Smallbone (2000) underpin the growing significance of networks, clusters and innovation as a means of compensating the smaller scale seen in more remote areas. Furthermore, innovation is seen as lacking in rural areas, with firms proving to be slower at adopting new technology (North *et al.*, 1997). Despite the challenges faced by rural-located companies in internationalisation, examples of success stories have been observed in more remote areas. McAuley and Fillis (2005) laud the success of two craft businesses located in the Orkney islands which are involved in export activity and are described as being “remote yet global” firms that “fly the flag” for Orkney and Scotland (McAuley & Fillis, 2005, p. 506). Their success is credited to their Scottish identity and contemporary design skills. As such, it is evident that culture is a significant marketing tool for such companies. The promotion of products through culture-territory identity is discussed in section 3.4.

Anchored in the RBV, Freeman et al. (2012) conclude that SMEs located in more remote areas are indeed impacted by their location. They identify three indirect effects of location on export performance, particularly the potential to impact on the firm’s propensity to develop resources and capabilities, namely competition, networks and infrastructure/services. This study, therefore, aims to explore how significant the effect of location is on food and drink SMEs internationalisation. This is significant, since it can be assumed that food companies, and their connections with the land, would suggest that many of these firms are located in rural areas.

3.3.1 Competition

The common view within the literature is that a lack of local competition is disadvantageous in rural areas (Westhead *et al.*, 2004), whereas the concentration of exporting firms in metropolitan areas positively impacts upon the propensity for an SME to export (Chevassus-Lozza & Galliano, 2003). This view is consistent with studies that identify the location of firms in proximity to numerous other firms, such as in metropolitan areas, as being conducive to greater export propensity. That is, firms located in areas of more dynamic domestic rivalry perform better in international markets due to their more aggressive approach (Porter, 1997; Zahra *et al.*, 1997; Zhao & Zou, 2002). Porter (2000) further advocates the idea of the clustering of interrelated firms as an explanation for success in international markets. Similarly, Belso-Martinez (2006) points to a positive correlation between export performance and the location of a firm in industrial districts. These findings echo Capello and Faggian (2005) who promote the notion that spillover effects can be observed when firms from the same sector are located in close proximity. A metropolitan location attracts more firms, which increases competition intensity (Phelps *et al.*, 2001), this in turn enhances dynamism and innovation within such firms, leading to greater success (Chevassus-Lozza & Galliano, 2003; Capello & Faggian, 2005). Conversely, Freeman *et al.* (2012) discovered that competitive rivalry in the domestic market did not have a positive impact on export performance, concluding that competition is international in nature, rather than local. This highlights the need for greater research into location effects on export performance.

3.3.2 Networks

It is said that SME survival is dependent upon collaboration, cooperation and alliances with industry, government and other SME partners (Chetty & Blankenburg Holm, 2000; Koçak &

Edwards, 2005; Styles *et al.*, 2008). Such partners represent key players within business networks (Welch *et al.*, 1998), or ecosystems of entrepreneurship (Isenberg, 2011) (see section 2.4). Given the close proximity of firms, it is widely recognised that business networks are more commonly seen in metropolitan areas, giving firms access to cooperative and collaborate activities (Westhead *et al.*, 2004). The knowledge spillovers evident in such clustered areas provide advantages to firms in preparation to compete in international markets (Vatne, 1995; Mittelstaedt *et al.*, 2006). Furthermore, Freel and Harrison (2006) point to increasing suggestions that very few firms, particularly smaller firms, have the ability to innovate alone without cooperating with other firms. This is line with the notion that networks (see chapter 2) are crucial for companies in overcoming a lack of resources needed to internationalise (Ford, 2002; Hakansson & Ford, 2002; Wilson, 2006; Wright *et al.*, 2007; Hynes, 2010; Kuhlmeier & Knight, 2010).

The mobilisation of local resources by SMEs is shaped by environmental pressures, with increased competitive pressures forcing urban SMEs into greater competition than rural SMEs (Westhead *et al.*, 2004). Further, it is stated that collaborative activities between SMEs enhance the acquisition of resources and the adoption of new products, processes, business ideas and markets. As discussed in section 2.4, network theory suggests that firms located in areas lacking resources can overcome such issues through tapping into social and business networks. Thus, rural SMEs could make use of certain resources from larger firms located elsewhere (Westhead *et al.*, 2004).

Collaboration was significant in the success of the Orkney craft SMEs in the study by McAuley and Fillis (2005), with the internationalisation of two companies acting as an inspiration for others. In addition to the collaborative nature of firms, support networks and appropriate

policy are critical factors in the success of such remote firms. Policies towards small rural firms is also emphasised by Fuller-Love et al. (2006), with the need for a long-term development strategy geared towards economic regeneration in a remote area, such as Mid Wales. Jarvis and Dunham (2003) and Smallbone et al. (2003) mirror such calls for differentiated policies towards small rural firms, emphasising that the specific nature of rural areas should be taken into consideration, particularly the limited resource base and the vulnerability of local business to external influences. Keeble (1993) further noted that rural firms show less awareness and usage of external business advice, which could be beneficial to such firms as a means of obtaining knowledge geared towards export activity.

3.3.3 Infrastructure/Services

This study has hitherto alluded to the importance for SMEs to access resources. Varying standards of infrastructure and services are observed between rural and urban areas. First, urban-located firms see advantages over rural firms in the availability of infrastructure and services, which can enhance export performance (Katsikeas *et al.*, 2000; Mittelstaedt *et al.*, 2006). Benefits include more suitable supply chains, access to financial institutions, technology partners, specialised labour and infrastructure conducive to export (Keeble, 1997; Westhead *et al.*, 2004; Fuller-Love *et al.*, 2006). Urban advantages for SMEs are also expressed through ‘agglomeration economics’ and special externalities (Malmberg *et al.*, 2000; Parr, 2002). These allude to specialised infrastructure, knowledge and labour, as well as a network of suppliers and a concentration of firms already engaged in international activities. Chevassus-Lozza and Galliano (2003) argue that urban firms are more likely to engage in export due to the benefits from external agglomeration economies. Reduced transport costs (Mittelstaedt *et al.*, 2006), and better access to customers and inputs required for production,

such as finance, premises and technology (Westhead *et al.*, 2004) are further benefits derived from an urban location.

The internet is seen as an indispensable marketing tool for smaller firms, providing access to communication, information and foreign collaborators, customers and suppliers (Etemad & Wright, 1999). A study by Sparkes and Thomas (2001) into the internet as a critical success factor in the marketing of Welsh agri-food SMEs, observed an increasing trend towards local food production and recognised the need for Welsh agri-food SMEs to develop their own websites in order to establish a customer base and help international growth. Results showed that only 38% of companies had their own website with 58% actively planning to get one. One firm was observed as not even having a computer. It must be noted that this was at a time when the internet was less widespread and not as widely used as nowadays. The study calls for more integrated marketing campaigns and an emphasis on customer satisfaction, relationship marketing and high components of customer care and service. However, in order to do so, SMEs require appropriate resources. A further issue observed in rural Mid Wales includes the lack of 'growth poles' or centres of major population (Courtney & Errington, 2003; Fuller-Love *et al.*, 2006).

The wealth of human resources is another area which exhibits the gap that exists between rural and urban environments. International Entrepreneurship theory (see section 2.6) posits that the experience of the owner/manager of a firm has a considerable impact upon its propensity to internationalise (Bloodgood *et al.*, 1996; Hutchinson *et al.*, 2006) and considered a critical factor of success (Manolova *et al.*, 2002). Additionally, human resources are an essential element of RBV theory. Such skills represent the know-how and business competencies of small firm managers. SMEs in remote locations face strong challenges in

attracting and retaining managers and other personnel that possess relevant skills required to pursue export activities, whereas metropolitan areas are better placed to access a much larger pool of human resources (Mittelstaedt *et al.*, 2006).

Moreover, accessibility to government assistance through grants, advice or information is more evident in metropolitan areas (Bennett & Smith, 2002; Carmeli & Tishler, 2004; Sousa *et al.*, 2008). Such support measures were discussed in relation to ecosystems of entrepreneurship in section 2.4. SMEs are largely considered unaware of government support programmes for internationalisation (Crick & Czinkota, 1995). Freeman and Styles (2014) conclude that bespoke training and mentoring are necessary services for remote firms as a means for aiding with planning strategies geared towards export. The lack of infrastructure and services available to rural firms is seen to stifle innovation and makes rural firms less likely to engage in international activities (North & Smallbone, 2000).

Despite the advantages discussed above, drawbacks are evident for urban-located through higher costs, which could constrain SME export activities (Westhead *et al.*, 2004). Contrary to most theories, they also point to the existence of successful small rural firms, who despite their remote location and lack of resources, benefit from their environmental conditions, particularly lower densities of economic activities and less competition. According to Vaessen and Keeble (1995) the constraining environment of rural areas acts to stimulate firms to express a greater proactive entrepreneurial nature. Proactive motives for SME internationalisation stem from the internal environment and the exploitation of unique internal competencies or market opportunities. Similarly, urban SMEs benefitting from an abundance of local resources could also explore export proactively (Leonidou, 1998).

Discussions of location-specific factors to SME internationalisation have pointed to the need for greater research into the differences between rural and urban located SMEs. Advantages and disadvantages have been observed in each location, particularly in considering competition, networks and available infrastructure and services. The discussions suggest that, despite some success cases, rural-located SMEs face greater challenges due to the reduced access to resources. It is appropriate, therefore, to focus attention on the location-specific differences in this study, leading to the following research question.

Research question: How significant is the location of a firm in its propensity to internationalise?

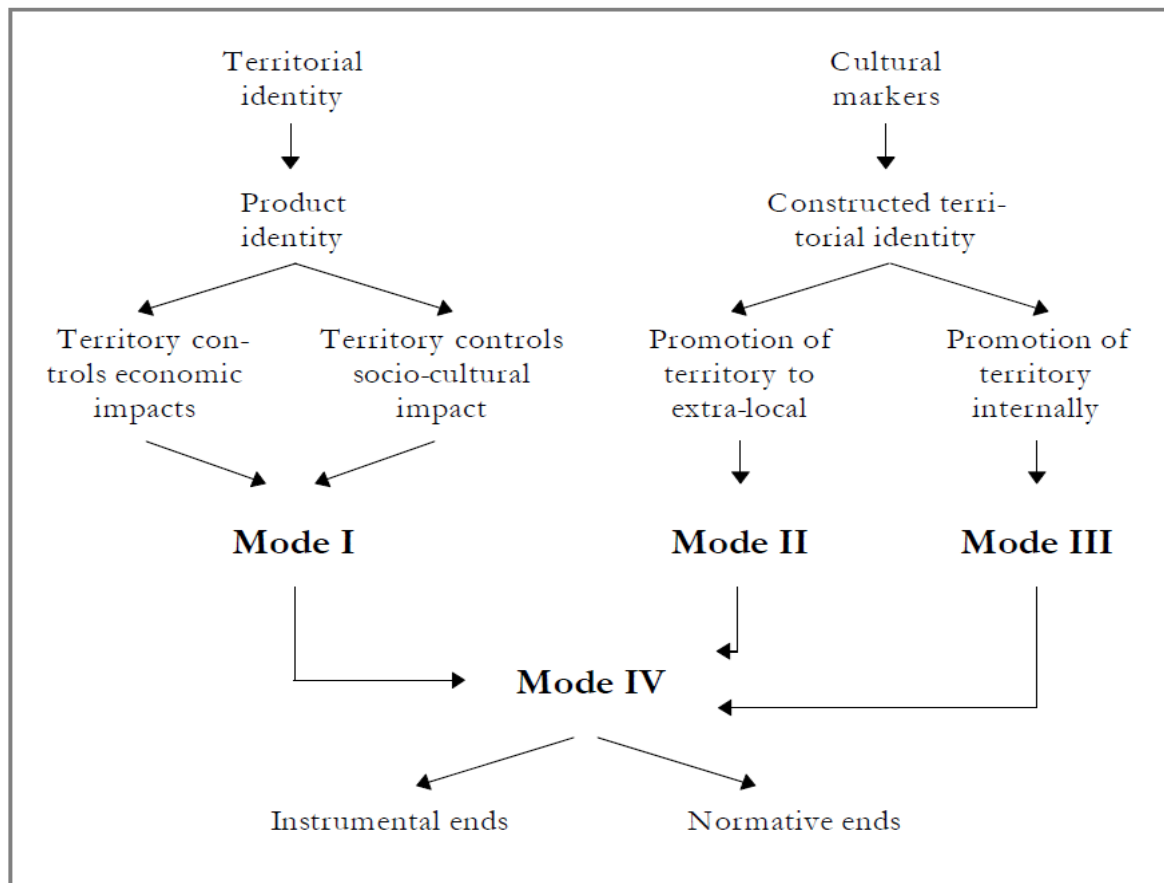
The discussion of the RBV has pointed to firm location and the ability to develop competitive advantage through unique resources, it is thus right to consider, as Sparkes and Thomas (2001), how unique place-based resources can be used as leverage in product marketing.

3.4 Place

Location-specific challenges highlight the need to support rural development. Ray (1998, p. 3) discussed ways in which rural areas attempt to “(re)valorise place through its cultural identity”. He pointed to the ‘cultural economy’ as an approach to rural development in response to extra-local pressures that impact on the socio-economic vibrancy of local areas in a globalised world, recognising culture as a key resource, with many areas turning to cultural markers in order to pursue regional development. The use of the word ‘economy’ refers to the relationships with resources, production and consumption, while ‘culture’ denotes local culture-territories. This is evident in the typology of the culture economy shown in Figure 3.2. Three sources of the culture economy are identified, namely the changing nature of post-industrial consumer capital, EU regional policy and the growth of regionalism

(Ray, 1998). Lash and Urry (1994) argue that despite the advancement of consumer capitalism and the homogenisation of objects with no meaning, space and objects are being differentiated and laden with symbolism. They point to production design intensity as an 'expressive component' while consumer behaviour is grounded in 'aesthetic reflexivity'.

Figure 3.2: Typology of the Culture Economy



Ray (1998, p. 6)

Funding for regional development programmes, such as Objective 1 or LEADER2, highlight the new approach by the European Union to encourage territories to develop strategies which can valorise local resources, including cultural identity (Ray, 1998). Furthermore, cultural regions have been engaged in self-promotion for some time as a means of preserving their cultural identities and simultaneously pursue economic vibrancy (Smith, 1981, 1991). In Europe, regionalism is seen both as a means for a region to reverse socio-economic

peripheralisation and reintegrate within a wider European area, as well as redefine the meaning of development through the values that exist within the regional culture (Ray, 1998), which highlights the potential of the culture economy. Established upon two separate streams, Ray's framework identifies 4 'operational modes' that make up different elements of the culture economy. Firstly, looking at territorial identity influencing product identity, Mode I represents the encapsulation of the territory culture within its products (Ray, 1998). It concerns the creation and valorisation of place-identity resources that can be used in marketing the product or territory, such as in cultural tourism or agri-food products. Indeed, from a tourism perspective, Everett and Aitchison (2008) highlight the intrinsic nature of food to regional identity. Through fixing a product to its territory, the locality is able to gain greater economic benefit, which serves to strengthen local culture. Food tourism is seen as a means to grow local economies, create jobs and promote diversification (Everett & Slocum, 2013).

The second stream focusses on the influence of cultural markers on the construction of territorial identity, leading to two separate modes, referred to as 'Janus-faced' endogenous development (Ray, 1999). Mode II embodies the use of local cultural resources as a means of establishing and projecting a new territorial identity that can be used to promote the locality. This is seen in relation to territorial development initiatives undertaken by local authorities or development agencies. One example is the EU LEADER programme which developed many initiatives geared towards local development. Ray (1998) states that this mode is synonymous with urban regeneration and places selling themselves for tourism and inward investment. Similarly, Mode III emphasises territorial strategies, although from an internal perspective to local communities, businesses and other relevant parties. Initiatives aim to encourage endogenous development in marginalised areas through increasing local self-confidence and valorising local resources, notably local culture. This is especially pertinent in areas in which

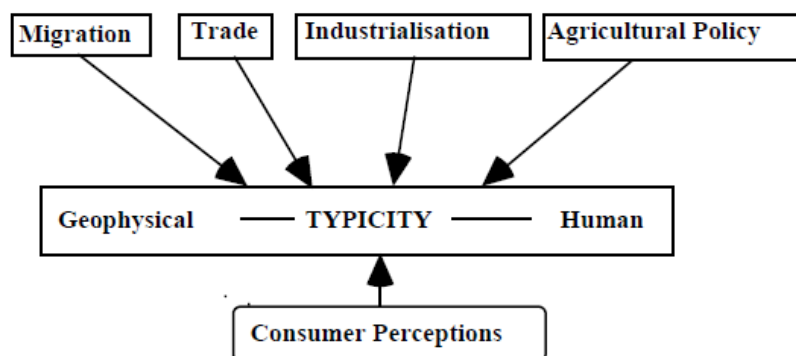
the local culture has been suppressed by a more dominant culture within the context of larger nation states. Within the culture economy, a reinvigorated local culture acts as the cornerstone of local socio-economic well-being, raising consciousness and leading to greater opportunities in the economy, innovation and socio-cultural vibrancy. Local businesses are encouraged to exploit the use of territorial images, although Ray (1998) points to the risk of inertia being prevalent in places where culture has been devalued and therefore the idea of a territory 'selling itself to itself' can act as a barrier to development.

Mode IV accentuates the normative capacity of the culture economy and can be part of each of the other three modes. Several aspects of the culture economy relate to the reconstruction of the local or regional economy, the idea being to engage with consumer capitalism in inter-local or international trade (Ray, 1998). Attempts are made to compete more efficiently in the global economy through soft forms of protectionist policy in order to control socio-economic impacts on the locality. However, the locality may choose an 'alternative' path in which emphasis is placed on local resources, self-reliance and a sense of 'close community'. Deudney (1996) shared this view with his work on 'ground identity' in which the 'love of place' is central to the shaping of action and policy. Consequently, local culture is recognised as an instrument to fuel global trade. Ray (1998) states that Mode IV is often evident in regionalist movements (Mayo, 1974; McLaughlin, 1974; Smith, 1981; MacDonald, 1989), as a region seeks socio-economic salvation through the recovery of the value system of culture that existed before the establishment of the state, such as in the Celtic context. Here, the conceptual framework presented by Ray (1998) offers suggestions that the culture economy is a concept in which culture can be both inherently embedded within the territory, and can also be something which is socially constructed, through fixing territorial identity to products for socio-economic benefit. This idea is explored in the next section.

3.5 Food and Place

The strong socio-economic connections between food and territory are emphasised by Tregear (2001) in what is referred to as ‘typicity’, that is, the distinctive characteristics of food products derived from their territory. Thus, typical local foods are seen to be embedded in the cultural heritage of their location. ‘Typicity’ (see Figure 3.3) is presented as a multi-faceted territorial distinctiveness of food products, largely affected by human and geographical influences. Human facets refer to production, processing and preservation methods distinct to populations within the geographic location, whereas geographic facets cover environmental conditions that influence the food production, particularly climate, topography, soil type and local species, flora and fauna. Such conditions are associated with ‘*terroir*’, a French concept historically synonymous with French wines being derived from a place whose soil and microclimate impart distinctive qualities to the wine (Barham, 2003). Different wines have a particular taste according to its specific *terroir*. In a figurative sense, *terroir* can designate a particular rural area that is thought to have a marked effect on the local inhabitants. Certain customs are recognised as being rooted in the *terroir* and a person can convey the sense of *terroir* associated with their upbringing.

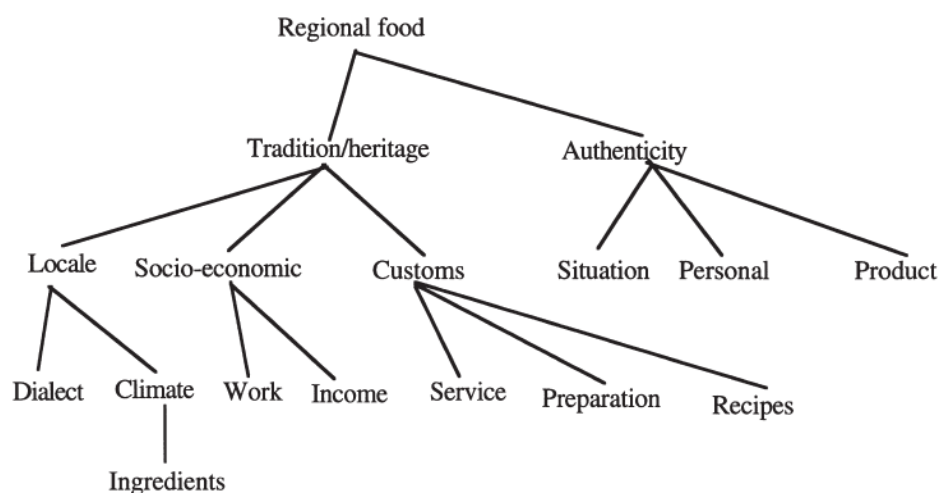
Figure 3.3 Facets of Territorial Distinctiveness in Foods



Tregear (2001, p. 6)

Regional foods are recognised as having historical associations with their local region, often evoking characteristics of the area in terms of the socio-economic situation, and unique climatic and geographic characteristics (Tregear *et al.*, 1998). Examples are given of the unique taste of Wensleydale cheese due to sourcing milk locally, as well as cultural influences of Cornish pasties as a dish for miners with meat in one end and jam in the other. The latter highlights the connections that local foods have with the customs of the area, considered as part of the local heritage, and thus a characteristic of a regional food (Tregear *et al.*, 1998). This is seen in Figure 3.4, along with other characteristics linked to heritage and authenticity.

Figure 3.4: Definitions and characteristics of regional foods



Tregear, Kuznesof and Moxey (1998, p. 388)

In addition to socio-economic factors and local customs discussed above, Figure 3.4 points to characteristics of the location of foods, such as climate, which is synonymous with the concept of *terroir* and the unique characteristics that food products derive from their place of origin. Furthermore, authenticity is evident as a characteristic of regional foods. Considering Relph's (1976) discussions of authenticity in relation to place (see section 3.1), the inclusion of authenticity as a characteristic of regional foods strengthens the links between food and its place of origin. In Figure 3.4, Tregear *et al.* (1998) posit that authenticity is influenced by

situational, personal and product factors. Situational factors refer to the place and context of the purchase or consumption of such foods, with specialist retail outlets seen to be associated with authentic local products. Additionally, this is linked to tourism, as sampling food from the places one visits is considered to be special. Personal factors relate to people's knowledge and first-hand experience with certain products, which along with product-related factors, such as the name, label, appearance, packaging or description, enhance the perceived authenticity of a regional food.

Food-territory links can be exploited for economic or marketing purposes as a means of differentiating or adding value to products in order to gain a competitive advantage (Testa, 2011). This link is used to project an image of the product which evokes quality, such as speciality, luxury, distinctive or hand-crafted (Tregear, 2001). Contrary to the inherent nature of the food-territory relationships discussed above, these brand qualities can be socially constructed as a means to enable and support price premiums related to brands, thus demonstrating the monetary value of the brand (Pike, 2009).

3.5.1 Embeddedness v Social Construction

With "multiple layers of meaning" (Harvey, 1996, p. 208), Pike (2009) maintains that the use of 'place' is open to social construction, which can be appropriated, associated and/or projected in and through brands or branding. This is conducted by agents of production, circulation, consumption and regulation. The culture-territory associations (or '*geographical entanglements*' as Pike refers to them) are rarely seen to be embedded within products, with the exception of agri-food brands due to their particular non-replicable, substitutable, or even organic ties to certain places (Pike, 2009). Such uniqueness is echoed in the RBV and the VRIN model (see section 2.5.1), which identifies valuable, rare, inimitable and non-substitutable

attributes within resources to enhance competitive advantage (Barney, 1991). Indeed, in a study of internationalisation among speciality food companies, Testa (2011) stated that food companies rely on their local nature to achieve competitive advantage. This is seen through labelling and accreditation schemes, such as protected food names (Protected Designation of Origin or Protected Geographical Indication). Examples of food brands exploiting geographic entanglements include Aberdeen Angus beef and Parmigiano-Reggiano cheese, which aim to promote their authenticity and provenance to enhance their value (Pike, 2009). Furthermore, Ray (1998, p. 14) refers to “gastronomic traditions that have an unambiguous territorial-culture context”, such as crêpes in Brittany and Normandy. The idea of social construction of place is reiterated by Castree (2001), seen through adverts, labels, trademarks, copyrights or billboards, which present a questionable yet effective image of places and cultures.

In a study focussing on culture economies in West Wales, Kneafsey et al. (2001) analysed the use of territorial-identity marketing in 4 different sectors: speciality beef and lamb, organic produce, speciality cheese and crafts. The authors highlight the historical embeddedness of upland farming in West Wales as a reason for consumers’ strong association of beef and lamb within the territory. Consequently, Welsh beef and lamb producers interviewed within the study displayed a greater tendency to favour marketing their produce under Quality Assurance schemes. It is further stated that the plight of the red meat industry in Wales and across the UK in recent decades following the BSE scandal has pushed some producers towards forming producer companies in an attempt to achieve premium quality. That said, producers also stated discontent with the way in which Welsh beef and lamb is promoted. They recognise the generally positive consumer perception of Wales associated with natural, green, low-intensity farming and its mountainous terrain, subsequently support was shown for the marketing of produce under a ‘Welsh’ label. Additionally, promotional schemes such

as 'Taste of Wales' were also seen in a positive light. The authors identify attempts to fix territorial identity to meat products on a sub-regional level, such as Welsh Black Beef, Saltmarsh Lamb or Llŷn Beef, often led by intermediaries in the marketing chain rather than the producers themselves. Concerns were raised over the effectiveness of sub-regional promotion, since awareness of sub-regions is likely to be limited, while sub-regional promotion could increase inter-regional competition and undermine the potential impact of a single Welsh brand (Kneafsey *et al.*, 2001). The lack of regional awareness in Wales was an issue for Bowen and Bennett (2016) in their study of regional logos to promote food products, concluding that a Wales logo would be valuable in the promotion of food products due to greater awareness for the country over regions, such as Rhondda Cynon Taff.

Interestingly, other food sectors in the Kneafsey *et al.* (2001) study showed varying experiences in using cultural marketing, according to their specific situation. Organic food producers, particularly fruit and vegetables, were less concerned with cultural marketing and the use of territorial imagery on their products, instead favouring product quality. Concerns were raised that the use of territorial cultural marketing could lead to 'free-riding', in which the regional image could mask poor quality production, thus undermining the image. Cultural marketing was seen more favourably among speciality cheese producers, who appreciate that Welsh images and place names evoke 'Welsh' characteristics which are valuable to them. Considerable emphasis is placed on the producers' own identity and the use of the word 'farmhouse' as a means of distinguishing their product from factory cheeses. As a result, producers are rather cool towards the idea of general Welsh marketing, firstly because of a lack of product differentiation, and secondly since Wales isn't as well known for its diverse cheeses as other regions, such as Normandy. Some producers expressed calls for an organic label, while others echoed feelings of organic food producers in aiming for better quality in

order to improve the Welsh image, since “no amount of marketing can compensate for a poor product” (Kneafsey *et al.*, 2001, p. 305). Producers in the crafts sector also saw little benefit in using regional imagery in marketing. Authenticity and quality of craftsmanship were important for individual producers rather than regional imagery, with one producer claiming “the image is in the craft, not the location” (Kneafsey *et al.*, 2001, p. 307). It is also noted that the image of Wales in the craft sector is not always positive, with comments pointing to bad weather, defunct coalmines, people with low levels of initiative and poor quality architecture.

3.5.2 Place-based Marketing

The findings of Kneafsey *et al.* (2001) illustrate the fragmented nature of territorial identity and raises questions over the effectiveness of a single local or regional cultural marketing programme aimed at encompassing numerous sectors. The West Wales crafts sector showed scepticism towards cultural marketing, with doubts expressed over the link between product quality and place image, and whether territorial identity can be ‘engineered’ by marketers. Despite differing opinions between each sector, the use of cultural marketing is seen to have the potential to add value to producers in the food industry. This could be explained by the strong association that has been identified between food products and territory (Tregear, 2001). That said, the potential impact of cultural marketing is dependent on consumer perceptions. The question is, do consumers recognise the culture-territory as a marker for quality? This is certainly an area for greater research.

Branding strategies aimed at creating differentiation through geographic entanglements recognise that “products are not made in ‘countries’, they are made in ‘places’”. This could constitute any form of place from a city, province, country, region, continent or even the world” (Papadopoulos, 1993, p. 4). Spatial distinctions are often blurred and undefined and

the words 'local' and 'regional' can evoke a multitude of meanings on varying degrees of scale. The 'national' geographic entanglement is certainly important, however this may not always represent the most meaningful depiction of place for certain goods or services (Pike, 2009). The construction of geographic entanglements as a means of differentiating products is a potentially key asset for brands with strong geographic associations to pursue growth strategies within their regions and can also influence export growth. Pike (2009) discusses the promotion of products with geographic entanglements through territorial depictions, most notably origin-labelled goods and geographical indications (GIs), as discussed hereafter.

The Kneafsey et al. (2001) study certainly raised questions over the possible benefits of using a cultural brand to raise awareness through marketing a product according to its place-of-origin, with many Welsh food companies in favour of this. Certainly, it can be considered that this is an area that requires more research to measure how effective such a brand could be. Examples of longstanding regional or national brands exist, such as 'New Zealand Made', 'Made in Cornwall' or the 'Produit en Bretagne' brand in Brittany. This study aims to address this issue within the study, leading to the following research question.

Research question: How significant is the role of place-based marketing in promoting the internationalisation of food and drink products?

3.5.3 Country of Origin (COO)

Ray's work on the 'culture economy' (1998) is one of a number of articles on place-based theories relating to the promotion of rural economies. A meta-analysis conducted by Verlegh and Steenkamp (1999) identified research in the field dating back to Dichter (1962), regarded as the first to claim that the country of origin of a product may have "a tremendous influence on the acceptance and success of products" (Dichter, 1962, p. 116), however the first

empirical work in the field is rewarded to Schooler (1965), who found the evaluation of products containing 'made in' labels to be differentiated from those without. Conversely, Peterson and Jolibert (1995, pp. 894–895) state that "country-of-origin effects are only somewhat generalizable" and "the phenomenon is still not well understood".

Verlegh and Steenkamp (1999) discuss numerous articles from the consumer behaviour perspective, that present country-of-origin as an 'extrinsic cue', since it can be manipulated without changes being made to the product (Olson, 1972). Alternative extrinsic cues include price, brand name and retailer reputation, thus it is claimed that such cues are synonymous 'symbols' of product quality (Steenkamp, 1990; Dawar & Parker, 1994). Further symbolism evoked by country-of-origin are product status, authenticity and exoticness (Li & Monroe, 1992; Batra *et al.*, 2000), since it conveys symbolic and emotional meaning to consumers, as well as possessing rich product-country imagery with sensory, affective and ritual connotations (Askegaard & Ger, 1998). This creates a relationship between product and national identity, resulting in a strong emotional attachment to certain products and brands (Fournier, 1998). Symbolic and emotional connotations of this kind provide a country-of-origin with an 'expressive' or 'image attribute', seen to act as a significant determinant of consumer preference and brand equity (Lefkoff-Hagius & Mason, 1993).

Images relating a product to a country are often seen as stereotypical and based on general impressions or idiosyncratic beliefs of the country and its products, which consumers have shaped around previous experiences (Bilkey & Nes, 1982). Leclerc *et al.* (1994) identified a positive effect of French-sounding brand names in relation to 'hedonic' products, such as perfume and wine, with negative effects being observed for more 'utilitarian' products, such as cars and computers. Roth and Romeo (1992) argue that consumers' evaluations of a

product are based on the match between the product and the country of origin in relation to the perceived strengths of the country and the skills needed in producing the product in question. For example, a preference for German cars could be born of the perception of workmanship of German engineers and the country's reputation for advancing technology.

Literature on the subject of cultural marketing and culture economies can be seen from various perspectives. The above section highlights the consumer behaviour stance, whereas articles also discuss key issues from the producers' perspective (Kneafsey *et al.*, 2001) or that of marketing consultants (Tellstrom *et al.*, 2006). Place of origin indicators have long been used as a means of differentiating agri-food products, with many well-known cases of foods enhancing their reputations through their geographic origins, such as Champagne, Parma Ham or Scotch Whisky (Tregear & Gorton, 2005). It is evident that place-of-origin is increasingly seen as a key element in the marketing of agri-food products. For many origin-labelled foods the name relating to origin often constitutes the brand name, or it forms an integral part of the branding (Tregear & Gorton, 2005). Country-of-Origin (COO) is widely used in literature, but place-based influences are not confined to the national level, but more suited to regions or locality (Imene *et al.*, 2012). COO is the conceptualisation of a product from its alleged origin and "the overall perception consumers form of products from a particular country", founded on their previous awareness of the country's production (Roth & Romeo, 1992, p. 480). The authors warn of the dangers of 'masking' the origin indication where the product category is incongruous or associated with poor quality. However, benefits of COO are evident in the case of single malt Scotch whiskies, where the products carry a 'Product of Scotland' origin label as well as the distillery brand name. The distillery name is the prominent cue, as the brand owners are the gatekeepers of brand awareness (Tregear & Gorton, 2005).

The representation of a nation is important for the consumer perspective of product quality (Bilkey & Nes, 1982; Papadopoulos & Heslop, 1993). COO branding, or the use of 'Made in...' labels act as a means of influencing consumer perceptions of products that are inherently similar to ones originating in other locations (Baker & Ballington, 2002). Brand information forms knowledge, emotion and preference in consumers' purchase decision (Verlegh & Steenkamp, 1999, p. 522). The close association of food and place of origin means that consumers often develop deep emotional associations between the product and place (Skaggs *et al.*, 1996). Given the right product and market, a firm can take advantage of a country's image and reputation on the basis that consumers transfer their knowledge and depiction of the country's image to specific products (Han, 1989). Marketing consultants interviewed by Tellström *et al.* (2006) emphasised the importance of place-related branding containing strong images related to the product, evoking strong visual expressions of origin, such as landscapes, people and well-used stereotypical rural imagery. Essential to the product is the brand logo, a memorable visual cue that is "the most crucial semiotic mediator for meaning within a company's verbal and visual promotion strategies" (Imene *et al.*, 2012, p. 4). The brand logo is made up of the design, colours and logo content that correspond to the products' brand name, which in the case of many food companies, is associated with the region of origin. This can be expressed either through a region of origin label, or a brand with a regional reference. Consumers use their awareness of the region of origin to shape their perceptions of the general quality of the regional product (Imene *et al.*, 2012).

Country-of-origin evokes many meanings relating to quality (Imene *et al.*, 2012), authenticity and exoticness (Batra *et al.*, 2000), which directly influences consumers' purchase decisions (Tellstrom *et al.*, 2006), however, stereotypes of place are hard to avoid (Han, 1989). Origin-labelled food perceptions represent more than the transfer of a country stereotype to a

product, it represents an affection, depicting pride, tradition, nostalgia or exoticism (Fournier, 1998; Verlegh & Steenkamp, 1999). Many authors see origin-labelled products as expressions of 'local', 'quality' or 'endogenous' food systems (Van der Ploeg & Long, 1994). Labels of origin have the potential to associate production with socio-cultural and environment aspects of places, which act to differentiate such products from more anonymous generic products (Barham, 2003). Artisan food products are seen as the most effective in enhancing status (Gilg & Battershill, 1998), with the handmade element of a product overcoming industrialised processes, as seen with farmhouse cheeses (Kneafsey *et al.*, 2001). Perceptions of quality or authenticity are derived from the subjective construction of meaning by individuals, which is dependent on tangible factors relating to the product, such as raw materials, product features and packaging, as well as intangible factors of the product and context of consumption (Urry, 1995). The use of cultural symbols and place-based elements in a socially constructed manner is designed to encourage consumer trust in the product (Tellstrom *et al.*, 2006).

3.5.4 Geographic Indications (GI)

As previously discussed, the use of cultural marketing in food products is strong. Origin-labelled food products are a growing market (Gracia & Albisu, 2001) and such products have been encouraged in recent years through policies on both national and European Union levels (Tregear & Gorton, 2005). This is evident through geographic indications (GIs) and the 'patenting' of regional food names or appellations through EU regulation 2081/92 (Tregear *et al.*, 1998). GIs are defined as "indications which identify a good as originating in a territory... where a given quality, reputation or other characteristic of the good is essentially attributable to its geographic origin" (WTO 1994 cited in Tregear *et al.*, 2015, p. 2). This protects producers of registered goods from the misuse of the name by those who have not registered the

product (Galtier *et al.*, 2013). Originally evident in the French AOC system, this is now evident on a European Union scale. AOC labels are controlled by the state as a means of assuring that the territory of origin and production processes conform to guarantee 'typicity', a system guided by the concept of *terroir*, which reaffirms the unique values associated with local places (Barham, 2003). Indeed, the successful application of GI is seen as an indication of the strongly embedded nature of a product in the natural, social, cultural and political elements of the territory (Ibid). In EU policy, geographic indications are a key marker of quality, seen most prominently through the Protected Designation of Origin (PDO) and Protected Geographical Indication (PGI) certifications (Tregear *et al.*, 2015).

Research on the effects of GIs on the internationalisation of food businesses is limited (Belletti, Burgassi & Manco, 2009), however it is recognised that they have the potential to change the fortunes of smaller food producers (Tregear *et al.*, 2015). This is particularly true in countries with a more favourable political and institutional infrastructure towards GIs, as a PDO or PGI status acts to protect the value of products, such as Parma Ham or Roquefort Cheese, rather than contribute to building reputation, which is necessary in countries of developing reputations. Belletti et al. (2009) recognise the 'market-cleaning effect' that PDO and PGI labels have in enhancing the reputation of labelled products and excluding non-authentic origin products, as well as offering access to export channels. The shared minimum standards among producers derived from GIs allow for greater compatibility between supply chain actors, which facilitates access to new long-distance markets. That said, the effectiveness of GIs as an internationalisation tool is dependent on factors, such as the reputation of the place of origin, the significance of such certifications in the eye of customers, the capabilities of companies in implementing PDO and PGI marketing strategies and the effectiveness of collective organisations (Belletti, Burgassi & Manco, 2009). Thus, support

from policy makers plays a significant role in increasing the impact of GI certifications in internationalisation.

In France, the AOC certification is recognised as a value-added strategy in preserving the rural heritage and traditional landscapes, while also leading to increased export sales, particularly for wines, for which France enjoys a reputation of quality (Barham 2003). However, contrary to the benefits outlined above, Tregear et al. (2015) concluded that collective organisations in nascent countries need greater engagement between the various actors in promoting the advantages of GI labels. In their study of a Hungarian onion producer with a PDO certification, the authors recognise the contribution of such labels in creating a proxy quality mark, which has the ability to engage consumers who are unfamiliar or even indifferent to the product. Despite this, they emphasise the need for state support in such nascent countries that are less recognised for their food, to focus on building relationships within the supply chain and pay more attention to market orientation. This could be achieved through training programmes, field visits and exchange or mentoring programmes with successful producers.

Due to the limited research into the influence of GIs in facilitating food and drink SME internationalisation, this study aims to contribute to this field of research. Adding to the previous research question on place-based marketing, the following research question also considers the impact of place marketing on the internationalisation of food and drink SMEs.

Research question: How significant is the use of geographic indications (PDO/PGI) in facilitating internationalisation in food and drink SMEs?

3.6 Conclusion

This chapter has discussed the various issues of place and location that are relevant for consideration in relation to SME internationalisation, due to the close connections that are evident between food and their territories of origin (Tregear, 2001). Discussions have distinguished between place-related issues relating to urban-rural differences which present both opportunities and challenges to small food companies (Freeman *et al.*, 2012), as well as presenting ways in which marketing uses place as a distinctive factor for the promotion of food products. This can be seen through the use of 'made in' labels and cultural markers that link products with their places of origin (Kneafsey *et al.*, 2001), as well as geographical indications, evident through PDO and PGI certifications (or AOC in France), which act as a mark of quality (Tregear *et al.*, 2015). Building on SME internationalisation literature discussed in chapter 2, this chapter highlights the limited research that has been conducted specifically on food and drink internationalisation. This leads to the formulation of a conceptual framework, which is presented in the following chapter.

Chapter 4: Towards a Conceptual Framework for the Internationalisation of Food and Drink SMEs

The previous chapters discussed the development of the literature on SME internationalisation over recent decades, with consideration also given to factors pertaining to the food and drink industry. It is evident from Chapter 2 that a number of factors exist relating to the internationalisation of SMEs, particularly linked to the firm, its owner/manager and its resources, both within the firm and within wider networks. Chapter 3 identified location-specific factors related to resources and networks. Cultural identity and the use of place-based marketing were also seen as important aspects of food and drink companies, especially considering the relationship that exists between food products and their roots.

This chapter aims to build on these discussions to focus specifically on critical success factors of internationalisation in food and drink SMEs. The purpose is to identify and map out relationships that exist between all of the factors discussed above. Ultimately, a conceptual framework is presented, providing an overview of the different factors that influence food and drink SME internationalisation. This framework provides the basis for this study.

4.1 SME internationalisation in the Food and Drink Industry

Discussions of the previous two chapters focussed more broadly on the main issues related to this study. Few studies have focussed specifically on internationalisation in the food and drink industry, as the vast majority of studies have been conducted across a range of industries, or have focussed on manufacturing companies (Sousa *et al.*, 2008). A systematic review of the literature has identified 11 studies that specifically look at internationalisation in the food and drink industry (see Table 4.1).

Table 4.1: Studies of Internationalisation in the Food and Drink Industry

Article	Focus	Main Findings
Sparkes and Thomas (2001)	The internet as a critical success factor for growth of Welsh agri-food SME in a global marketplace.	Internet is one of several factors for SME success. Marketing is also important, as is the need for appropriate resources.
Sterns and Peterson (2001)	Identify and model the conditions for small agri-food businesses to become global in perspective and practice.	Firm-specific demand and competitive advantages in transforming and transacting are pivotal to international success. Awareness of demand is necessary; the product must have a competitive edge and the company must be motivated to expand.
Giustiniano and Fracocchi (2002)	The role of the internet and electronic transactions in providing SMEs with access to global markets. Study of Italian wine and olive oil companies.	The internet is still not a real tool in promoting the internationalisation of agri-food SMEs. Companies were late in adopting the internet and lack appropriate strategies, such as CRM.
Dana (2003)	Study of the challenges facing exporters of fresh fish from the Chatham Islands.	Despite the challenges of the remote location, the export of food products is evident.
Gellynck et al. (2006)	The role of regional networks in processes of innovation related to internationalisation. Focus on food industry in Belgium.	Firms were seen to have a stronger innovation competence when networking within the region and when oriented towards international markets.
Ibeh et al. (2006)	Studies key marketing concepts (market orientation, marketing competencies and resources) and competitive marketing strategies in explaining international market success in agri-food SMEs.	Benefits found by developing advantage-generating competencies in the product, channel and relationship management areas; leveraging strategically-relevant managerial, production and brand/reputational resources; and deploying appropriate competitive marketing strategies.
Testa (2011)	Internationalisation patterns among speciality food SMEs in Italy. Focus on dimensions of technology, market and space.	Empirical findings show diversified patterns of internationalisation. Conceptual findings point to 3 dimensions of technology, market and space as possible means to enrichen comprehension of internationalisation.
Spowart and Wickramasekera (2012)	Proposes and tests a model of innovation diffusion of the internationalisation for International New Ventures, looking at the Queensland food and drink industry.	Two key drivers are identified for the existence of INVs – the need to diversify to spread risk and quality products.
Ismail and Kuivalainen (2015)	Study into internal capabilities, external environment, and the moderating effect of geographical scope on the international performance of SMEs in the Malaysian halal food industry.	Internal capabilities and external environment factors have a significant impact on the international performance of exporting SMEs. Since different factors are significant for different types of firms, geographical scope acts as a moderator in this relationship.
Serrano et al. (2015)	Analyse the factors determining the process of internationalisation of the Spanish agri-food industry between 1970 and 2012	‘Home market effect’ is the determining factor of the increasing process of internationalisation in most subsectors of the study.
Caiazza (2016)	Study into the role of consolidators in SMEs’ global supply chain as part of their internationalization strategies. A study of Italian food SMEs.	Policy makers must support consolidators’ activity in high potential markets adopting actions to promote Italian food on a global scale. The government needs to safeguard the identity and distinctiveness of Italian products abroad.

Significant studies for this research are an investigation of key marketing concepts to SME internationalisation (Ibeh *et al.*, 2006), a study of internationalisation patterns among Italian speciality food SMEs (Testa, 2011) and a study of the internet on SME growth in a global marketplace, focussing specifically on agri-food SMEs in Wales (Sparkes & Thomas, 2001).

This research differs from previous studies in the industry by seeking to gain an in-depth understanding of the critical success factors of food and drink SME internationalisation. In doing so, this study aims to identify all relevant factors on this matter, marrying traditional internationalisation theories with place-based issues evident in the close association between foods and their place of origin. The contribution of this study relates closely to Ibeh *et al.* (2006) and Testa (2011) as two studies that consider place as a significant factor in food and drink SME internationalisation, promoting the need for SMEs to use place-based marketing to differentiate their products. They recognise the need for food companies to develop a long-term perspective in seeking international growth, by becoming increasingly aware of competitors on a local, regional and international level, and improving marketing oriented to internationalisation. Such companies need to invest in marketing skills within the company and develop advantage-generating capabilities in the product, channel, branding and customer relationship management. Support is important and can be derived from public sector actors through direct promotional and R&D investments towards product areas in which the country or region enjoys country-of-origin reputations. Advantages can be sought through national or quality branding activities. Additionally, private sector organisations could also assist with investment towards new technologies and product or process innovations (Ibeh *et al.*, 2006).

The emergence of literature on food and drink SME internationalisation is relatively recent, as studies have developed since the turn of the century. In one of the earlier studies, Sterns

and Peterson (2001) offer a practical in-depth analysis of key issues that impact on food and drink SME internationalisation. They recognise globalisation as a key driver of the evolution of food businesses, opening international opportunities for such firms. Similarly, the internet is discussed as one of several critical success factors for food and drink SMEs in seeking internationalisation (Sparkes & Thomas, 2001), although for Giustiniano and Fraticchi (2002) companies have not made the most of the internet in developing international strategies. Sterns and Peterson (2001) offer an analysis both from a manager and policy-maker perspective. They point to the need for managers to assess opportunities in international markets, such as the prospect of unsolicited orders from abroad turning into longer-term sales. Additionally, managers need to assess the capabilities of the firm to create and sustain a competitive advantage in foreign markets, which could involve learning from suppliers in the home country to know more about the buyer. Further consideration should be given to how these potential sales fit into the overall objectives of the organisation. The study also points to policy makers in facilitating internationalisation. Firstly, they should be aware that not all companies are suited to internationalisation, but government agencies are useful in providing information and training to SMEs, as well as encouraging firms to seek export and help them develop international network links. Caiazza (2016) also discusses the role of policy-makers in supporting the promotion of Italian food on a global scale. He underlines the need for SMEs to find the right companies to sell their products in international markets, and the need to engage in network activities to face global competition.

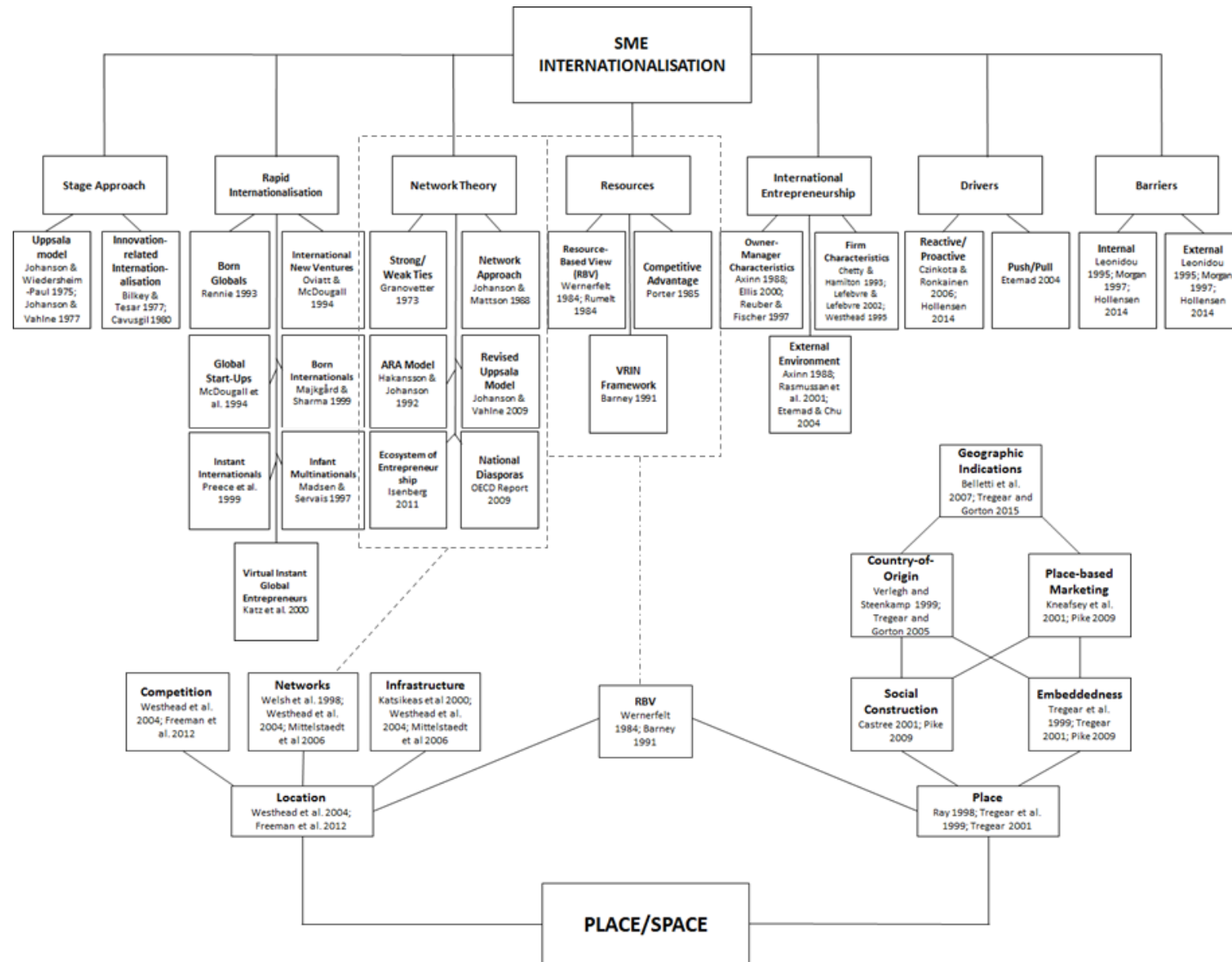
Internationalisation advantages have been found through regional networks (Gellynck *et al.*, 2006). Companies that engage in such networks display more innovative tendencies and are able to benefit from regional external resources. The study also found that participation in regional networks and international market orientation were complementary in improving

innovation competence, suggesting that innovators are predominantly oriented towards international markets, but interact intensively within the region. It can be assumed that the possible benefits of regional networks depend on the firm characteristics and the region.

An analysis of the above literature has identified the need for a greater contribution on the subject of food and drink SME internationalisation. It is evident from certain studies that the food and drink industry contains unique issues that are not sufficiently explained in the traditional literature on internationalisation. The relationship between food and its origin (Tregear, 2001) has already been highlighted, but only subtle hints have been shown towards the marketing of place and its role in internationalisation (Ibeh *et al.*, 2006). Various challenges and opportunities are also identified between urban and rural-located firms (Westhead *et al.*, 2004; Freeman *et al.*, 2012). This study therefore aims to offer a more complete contribution to food and drink SME internationalisation in investigating the role of place and location alongside traditional theories. The discussion of the literature in chapter 2 clearly highlights the importance of several factors that have the potential to impact upon internationalisation. To meet the objectives of this study in understanding food and drink SME internationalisation, it is essential that all of these issues be considered alongside factors relating to place, as this is lacking in the current body of literature.

With the aim of blending the traditional theories on internationalisation with factors relating to place and location, Figure 4.1 presents the focus of this research in a combined literature map, highlighting the relationships between the two individual literature maps presented in Figure 2.1 on SME internationalisation and Figure 3.1 on place-related issues. The combined map highlights crossover of both networks and RBV between SME internationalisation theory and place/space theories.

Figure 4.1: Combined Literature Map for this Study



The literature map in Figure 4.1 outlines the intertwining of the two fields of literature discussed in chapters 2 (SME internationalisation) and 3 (Place). Both network theory and resources represent areas of commonality across both bodies of literature. Freeman et al. (2012) recognise the importance of networks in comparing differences between urban and rural locations. Advantages are seen in urban areas due to spillover effects derived from a concentration of companies, with companies able to obtain benefits from engaging in networks with various local stakeholders, such as within ecosystems of entrepreneurship (see section 2.4). Location differences discussed in chapter 3 also underline the significance of resources to SME internationalisation, with greater access to relevant resources more evident in urban areas (Capello & Faggian, 2005) and limited resources in rural areas having an influence on internationalisation. The use of networks, both within local areas and across international borders represent an opportunity for SMEs to overcome the challenge of limited resources, as was the case for the 'remote yet global' companies in Orkney observed by McAuley and Fillis (2005).

The unique resources of place evident in the food and drink industry (as discussed in chapter 3) offer food and drink SMEs a competitive advantage in pursuing internationalisation. The natural characteristics of place evident in the concept of terroir are akin to the unique resources of the VRIN model (Barney 1991) which provide such products with a clear differentiation factor that can be exploited in internationalisation. These characteristics are strongly embedded within some products, such as in Champagne or various cheeses, however, the social construction of such place characteristics is evident through the use of cultural branding, such as with regional logos.

4.2 Towards a Conceptual Framework

Having defined the main focus of this study, the purpose of this chapter is also to establish the conceptual framework for this study. The aim of a conceptual framework is to graphically explain the main factors, concepts and variables that are being studied, and the relationships that exist among them (Miles, Huberman, & Saldana, 2014). This is done in order to demonstrate how the ideas are organised as a means of achieving the purpose of the study (Shields & Rangarajan, 2013). The development of a conceptual framework within this work has enabled the researcher to define and understand the complexities of research within this field and present a clear objective for the originality and direction of the study. In doing so the researcher identifies the relationships that exist in the literature related to the internationalisation of SMEs and characteristics of companies in the food and drink industry. That said, the use of conceptual frameworks should be taken with a modicum of care. Limitations are acknowledged by Smyth (2004, p. 167), who describes a conceptual framework as a “construction of knowledge bounded by the life-world experiences of the person developing it and should not be attributed a power that it does not have”. Furthermore, Miles et al. (2014) state that a conceptual framework forces the researcher to be more selective with the variables and relationships set out in the study, which in turn influences the data collected and analysed.

Despite the possible drawbacks, the conceptual framework designed for this study is intended to act as a platform to clearly establish the direction of the research. The literature within the field of SME internationalisation alone has shown the varied nature of possible research with different studies focusing on different variables according to the context of their research. The aim of this study, therefore, is to give specific focus to the variables that have emerged

from the literature that are considered most relevant within the context of the industry in question.

The process for developing the conceptual model presented here is based upon the three stages set out by Hair et al. (2007, p. 144). Firstly, all variables and constructs for the research were identified (see Appendix A for a full list of the variables). This followed an extensive review of the relevant literature, as presented in chapters 2 and 3, in which various scales and questions were identified from previous studies, including the relevant variables that correspond to this research. The second stage of the process involved specifying hypotheses and relationships. In this case relationships are specified between the different variables that were identified in the first stage of the process, however due to the mixed methods approach of this study (see chapter 5 for information on the research design of this study) no hypotheses were set, as the study focusses on clear research questions (see section 4.3) with both quantitative and qualitative data gathered to answer each question. Finally, the conceptual model was designed to visually represent the theoretical basis of the relationships between the variables identified in the first stage of this process.

It is evident from the body of literature outlined in chapters 2 and 3 that SME internationalisation is a complex area of research. The large number of variables that have been identified in previous studies and the varied nature of research that has been conducted since the late 1970s reflects the difficulties in conceptualising the significant factors that influence internationalisation. This is highlighted by the fact that no commonly accepted model exists to fully explain the influences of internationalisation. This could be explained by the fact that previous studies have attempted to generalise findings across a range of industries and research contexts (Fillis, 2008). Given the specific aim of this study to focus on

the food and drink industry, the construction of a conceptual framework aims to clearly explain the specific factors that influence internationalisation among food and drink SMEs. This is done based on the factors that have been identified in the literature that relate to other studies, but have not been appropriately tested on the industry in question.

The following sections outline the step-by-step process for the construction of the conceptual framework of this study, with the final model presented in Figure 4.7. This is based on constructs relating to International Entrepreneurship, resources, product-specific characteristics, owner/manager and company motivation, networks and support. These factors have been identified as a combination of work derived from a review of SME internationalisation theories (as seen in chapter 2) and theories related to location factors and place-based marketing (as seen in chapter 3).

4.2.1 International Entrepreneurship

As discussed in section 2.6, the field of International Entrepreneurship has emerged in recent years as an explanation for entrepreneurship across international boundaries. Research in this field has focussed on the entrepreneur, the firm and the environment as influences on entrepreneurship in an international context (Antoncic & Hisrich, 2000; Ford & Leonidou, 1991; Ibeh, 2006), as seen in the conceptual model of International Entrepreneurship (Antoncic & Hisrich, 2000) shown in Figure 2.7.

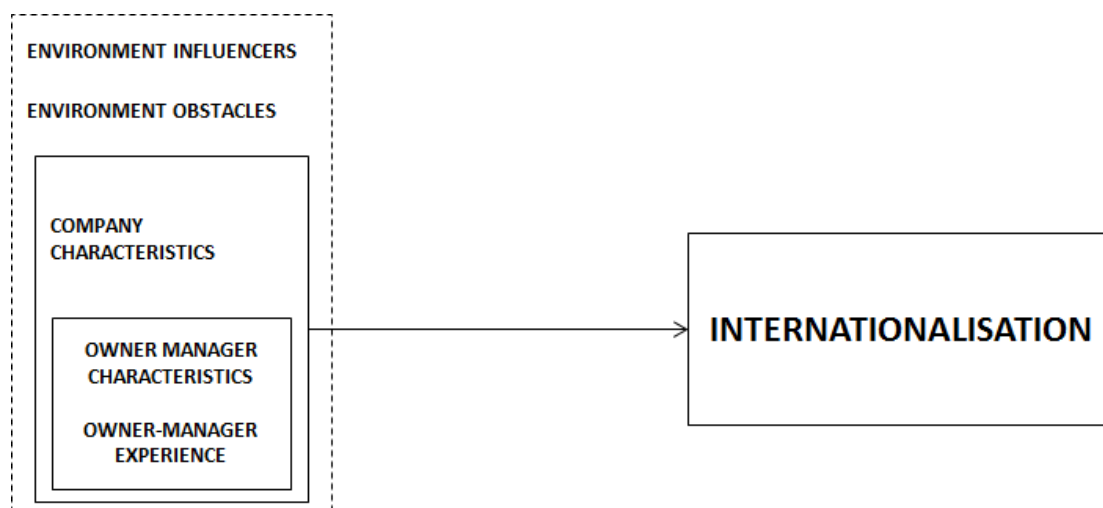
Firstly, entrepreneur factors largely relate to the characteristics and ambition of the decision-makers of the company to engage in international activities. This study uses the term owner/manager (as used by Sommer *et al.*, 2008) rather than entrepreneur to reflect the fact that the original founder of the company may not necessarily still be in charge of the company in question, and that the skills of the key personnel are reflected in those who are running

the company. The international orientation of the company is shaped by the experiences of the owner/manager, particularly in relation to their international experience, educational background, foreign language skills, awareness of foreign cultures, knowledge of foreign markets and international contacts (Lloyd-Reason & Mughan, 2002). Additionally, characteristics of gender and age of the company owner/manager impact on the international orientation (Manolova *et al.*, 2002; Andersson & Evangelista, 2006). This is particularly evident in the ability of the owner/manager to engage in international activities. Younger managers often are more internationally aware and have gained more international experiences and contacts through travel and their studies (Andersson & Evangelista, 2006), however older managers are able to benefit from greater resources, information, know-how and networks, making them more likely to export (Westhead *et al.*, 2001).

Secondly, company-specific influences of internationalisation relate to the capabilities, resources and characteristics of the company. These include the age of the firm (Zahra & George, 2002), its size (Chetty & Hamilton, 1993; Westhead, 1995; Lefebvre & Lefebvre, 2002) and its location, particularly when located near available resources (Walker & Brown, 2004; Boter & Lundström, 2005). Finally, environmental conditions relate to market conditions, government factors, environmental characteristics, and the competitive environment. Here, the conceptual framework distinguishes between environmental influencers and obstacles constructs. The size of the market, availability and quality of infrastructure are market conditions that have the potential to impact on internationalisation (Jones & Coviello, 2005; Root, 1994). A small domestic market (Rasmussen *et al.*, 2001) or a saturated domestic market (Hollensen, 2014) are cited as reasons for internationalisation, in addition to demand through unsolicited orders can be derived from abroad (Hollensen, 2014).

Figure 4.2 below presents the main constructs that have been identified for this study related to International Entrepreneurship. The findings of the literature have highlighted a multi-level framework, with owner/manager characteristics influencing internationalisation on an individual level as the main decision-maker, as well as having an influence on the firm. External to the firm are environmental factors that impact upon the firm, both as influencers and obstacles to internationalisation. As shown in the model below, all of these factors have an influence on the propensity of the company to internationalise.

Figure 4.2: Conceptual Model for this study taken from International Entrepreneurship



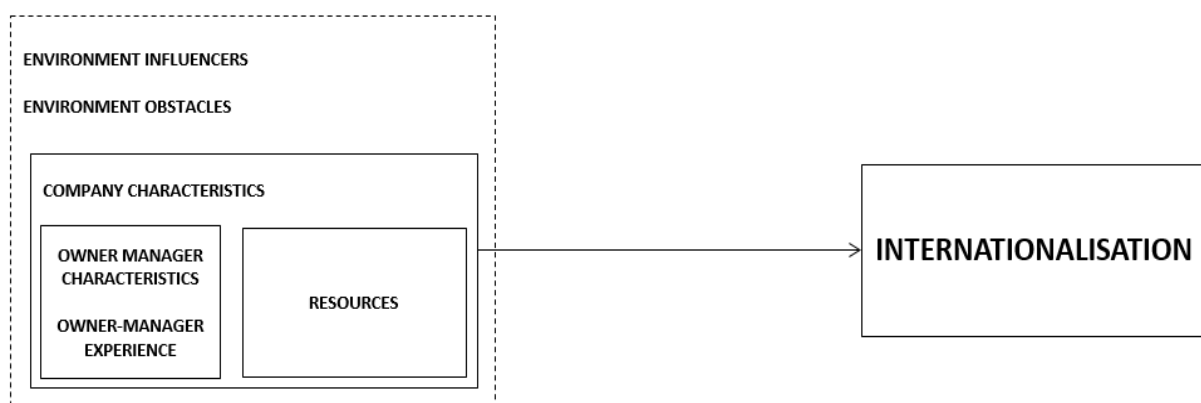
4.2.2 Resources

Both chapters 2 and 3 pointed to the significant influence that resources have on the ability of a company to internationalise. Knowledge is a resource that has been at the heart of discussions on internationalisation since the Stage Approach, as companies build knowledge through incremental growth across different markets. The availability of knowledge was also a significant factor for rapid internationalisation (Chang & Rosenzweig, 2001). Additionally, knowledge and other resources can be shared and accessed through the development of networks (Ford, 2002). Barney (1991) distinguished between physical capital resources,

human capital resources and organisational capital resources. Within this is the need to consider significant company-specific resources, such as company personnel competencies, financial capabilities, time to dedicate internationalisation, as well as the ability to distribute products and services into international markets.

Using theories of SME internationalisation and place, the RBV is used to explore how food and drink SMEs can achieve a competitive advantage by exploiting valuable resources (Wernerfelt, 1984). The VRIN model (Barney, 1991) indicates that unique resources enable companies to develop a sustainable competitive advantage. Unique resources are particularly evident in the food and drink industry due to the close associations between food and its place of origin (Tregear, 2001) and place-of-origin can differentiate products from their competitors. This is evident through regional-based logos and the protection of place-based intellectual property through geographic indications. Figure 4.3 presents the development of the conceptual model for this study, incorporating the resources construct into the model on the firm level.

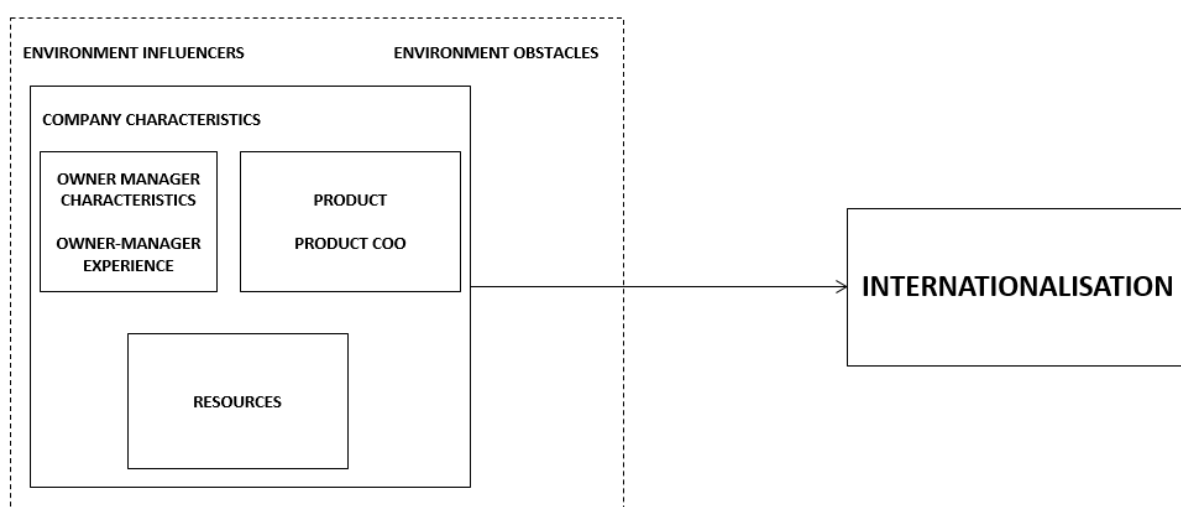
Figure 4.3: Conceptual Model for this study including Resources



4.2.3 Product

Product-specific characteristics are significant in this study on internationalisation, because without a product internationalisation would not be possible. A sustainable competitive advantage can be achieved with food products through the use of place-based marketing, since food products are naturally embedded in their place of origin, as is evident in the French concept of *terroir* (Barham, 2003). This relationship can also be socially constructed (Pike, 2009) through branding relating to the place or culture of origin. The aim is to project an image of a quality product, focussing on its speciality or hand-crafted nature (Tregear, 2001). Quality assurance was a significant issue for Kneafsey et al. (2001) in their study of the food and crafts sectors in West Wales. Protected food names are seen as a means of enhancing the reputation of quality in food products through confirming the connection of a product to its place of origin, highlighting unique characteristics of production and resources. Consequently, this study investigates the significance of the product, distinguishing between general product characteristics and country-of-origin (COO) characteristics. These constructs are incorporated in the development of the conceptual framework in Figure 4.4.

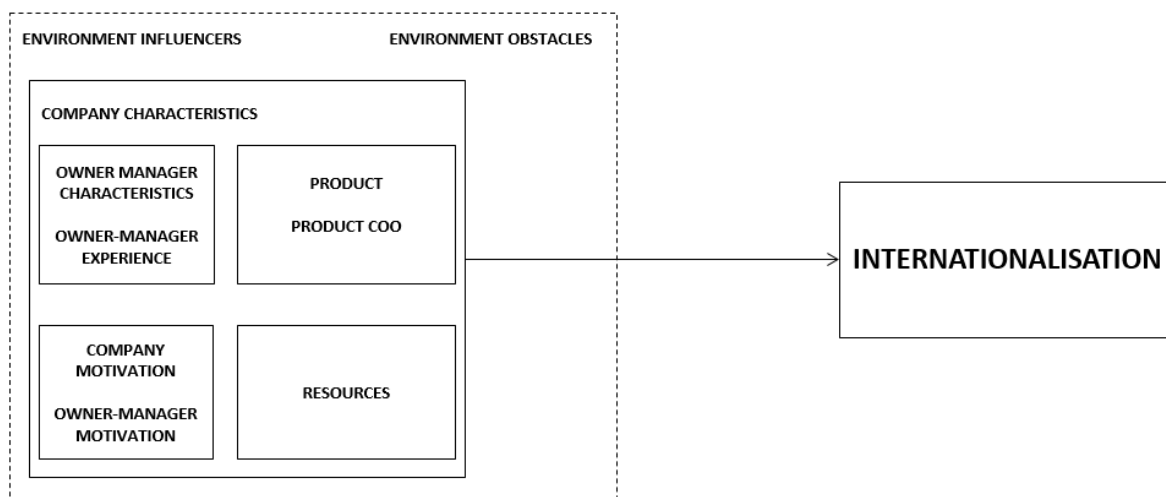
Figure 4.4: Conceptual Model for this study including Product Characteristics



4.2.4 Motivation

A final firm-level construct for consideration is the motivation behind internationalisation. For smaller companies that lack resources, internationalisation is considered a greater risk compared to larger multinational enterprises (MNEs), which can act as a barrier to internationalisation (Leonidou, 1995; Morgan, 1997). Risk-taking is recognised as a characteristic of International Entrepreneurship, as well as engaging in innovative and proactive activities (Mtigwe, 2006). The willingness of a company to take a risk and proactively seek internationalisation is associated with the entrepreneurial mind-set of the key personnel of the firm (Delaney, 2004; Oviatt & McDougall, 2005). Additionally, this relates to the urge of the company owner/manager to pursue internationalisation. This is one of a number of proactive and reactive measures discussed by Czinkota and Ronkainen (2006) and Hollensen (2014). Proactive measures relate to the company wishing to actively take advantage of opportunities in international markets, whereas reactive measures point to a less active approach by companies who internationalise because it is necessary. Motivation factors are incorporated into the conceptual model on the company level, as shown in Figure 4.5 below, distinguishing between constructs of company motivation and owner-manager motivation.

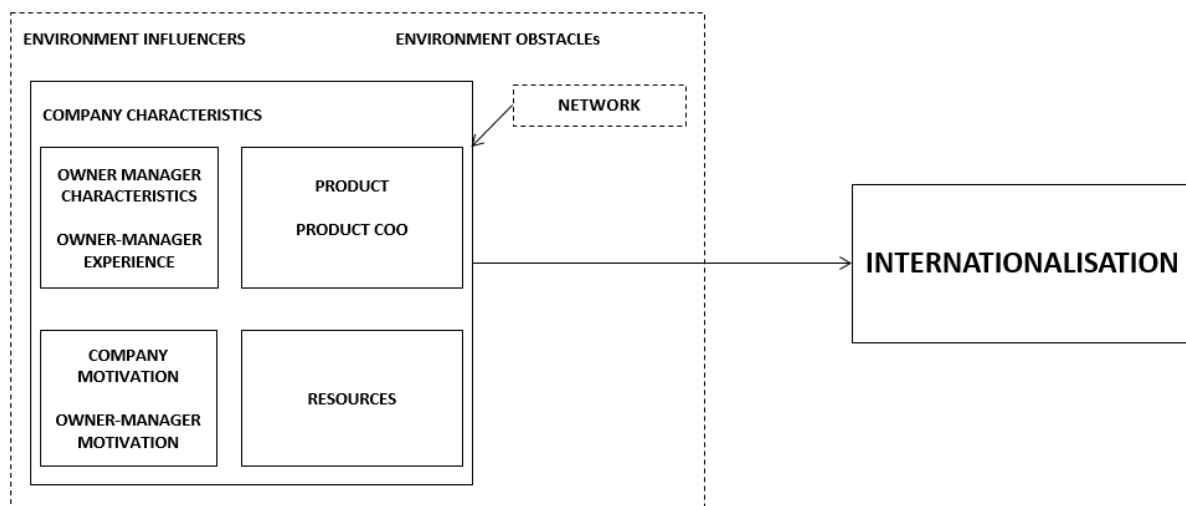
Figure 4.5: Conceptual Model for this study including Motivation to Internationalise



4.2.5 Networks

Chapter 2 discussed the role of networks in providing SMEs with the opportunities to exploit resources from network partners (Mtigwe, 2006). Working with network partners helps smaller companies to overcome distribution barriers and gain valuable foreign market knowledge (Johanson & Vahlne, 1990; Suárez-Ortega & Álamo-Vera, 2005). Such advantages were also evident through location-specific advantages and disadvantages (chapter 3) relating to a company's proximity to useful networks (Westhead *et al.*, 2004). Knowledge spillovers are evident in areas of clustered companies and can provide advantages for internationalisation (Vatne, 1995; Mittelstaedt *et al.*, 2006). Very few companies, particularly SMEs, have the ability to engage in innovative activities without cooperation with other companies, making use of R&D (Freel & Harrison, 2006). SMEs in particular are dependent on cooperation and collaboration with industry partners, other businesses and the government (Chetty & Blankenburg Holm, 2000; Koçak & Edwards, 2005; Styles *et al.*, 2008). This study also considers the role played by national diasporas in facilitating international sales through expatriate contacts in foreign markets (Camara & Simeos, 2008). The influence of networks as an external source of help is incorporated into the conceptual framework in Figure 4.6.

Figure 4.6: Conceptual Model for this study including Networks



4.2.6 Support

SME internationalisation is not a solo effort and companies are reliant on receiving support, such as from government agencies, foreign distribution agents or partners (Mtigwe, 2006). Governments see benefits in supporting companies to export by improving the international competitiveness of the national economy and increasing national wealth (OECD, 1997). Ecosystems of entrepreneurship, localised networks of key players, can facilitate internationalisation by offering important network platforms that allow for the exchange of ideas and best practice (Wilson, 2006). Such ecosystems can include governments (local and national), chambers of commerce, universities, business incubators, consultants and banks. Here, distinctions are made between the sources of support and the different support aspects that companies require to facilitate internationalisation. The inclusion of the support constructs leads to the completion of the conceptual framework for food and drink SME internationalisation (see Figure 4.7), which this study aims to analyse. Presenting the 13 constructs of this study, the conceptual model does not include the main variables investigated in this study. A full list of these can be seen in Appendix A.

Figure 4.7: Full Conceptual Model for the Internationalisation of Food and Drink SMEs

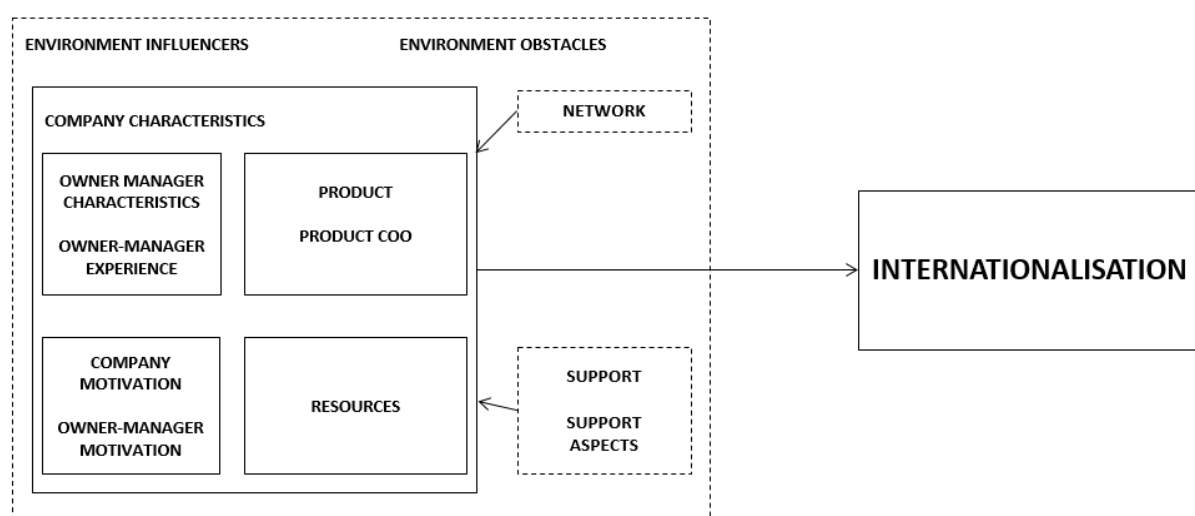


Figure 4.7 clearly outlines the influence of SME internationalisation theories on the development of the conceptual framework for food and drink SME internationalisation, as sections 4.2.1 to 4.2.6 discuss the construction of the framework based around the main theories of International Entrepreneurship, resources, motivation, networks and support. However, the influence of relevant theories of place are incorporated into various constructs of the framework, particularly in the Product, Product COO, Environmental Influencers, Environmental Obstacles, Network and Resources constructs. The unique characteristics derived from place of origin are evident within the Product construct, as this is significant for food products, given their close associations with the land (Tregear 2001). Additionally, the strong cultural characteristics based on food products' place of origin are captured in the Product COO construct, focussing on the cultural identity and the use of cultural branding and iconography on the product. Characteristics of place are also evident in the Resources construct, based on the principles of the VRIN model (Barney 1991), that such characteristics represent unique resources for food products. Differences in resource availability for rural and urban-based companies are also incorporated into this construct. The advantages and disadvantages of urban and rural locations are evident in the Environment Influencers and Environment Obstacles constructs, with variables within these constructs pointing to access to support and broadband (influencers), as well issues of logistics, company personnel, time and innovation (obstacles). The Network construct includes all aspects of networks discussed in chapters 2 and 3, including the benefits for rural-based SMEs to overcome the challenges of limited resources.

4.3 Research Questions

The theoretical discussions of chapters 2 and 3 identified gaps in the literature that this study aims to fill. As previous studies have largely overlooked the idiosyncrasies of the food and

drink industry in relation to SME internationalisation, the main research aim of this study is to gain an in-depth understanding of the main influences to internationalisation for food and drink SMEs. This leads to the main question upon which this research is based:

What are the critical success factors that influence the internationalisation of food and drink SME?

This question covers all constructs identified in the conceptual framework shown in Figure 4.7 above. Within this question, there are several issues that merit consideration, which were identified in chapters 2 and 3, by the formulation of research questions. Table 4.2 below presents the research questions of this study, along with research areas that they cover.

Table 4.2: Research questions of this study

Number	Research question	Construct
1	How significant is the location of a firm in its propensity to internationalise?	Company Characteristics
2	How significant are diaspora networks in facilitating internationalisation?	Networks
3	How significant are external support measures in facilitating SME internationalisation?	Support
4	What are the most significant barriers to SME internationalisation?	Environment Obstacles
5a	How significant is the role of place-based marketing in promoting the internationalisation of food and drink products?	Product COO
5b	How significant is the use of geographic indications (PDO/PGI) in facilitating internationalisation in food and drink SMEs?	

4.4 Conclusion

This chapter has drawn together the discussions of the previous two chapters that have established the theoretical background to the study, highlighting the relationships that exist

between the traditional literature on SME internationalisation, conducted in a much broader context over numerous studies of various industries, and the specific factors relating to place that were discussed in chapter 3. The combination of these factors is significant in the context on this research into the food and drink industry. Thereafter, this chapter provided a detailed outline of the reasoning behind the development of a conceptual framework of SME internationalisation in the food and drink industry that marks the basis for this research. The multi-level nature of the model, notably the relationships seen between the firm, its stakeholders and the external environment, highlights the complexity of this study and therefore confirms the need for a holistic approach in conducting research in this field. For this reason, a mixed methods approach is considered relevant to study the relationship between the key variables and internationalisation, as well as providing a context to the internationalisation process of the firm within its market environment. Having conducted an extensive review of the relevant literature and established the scope of the study through the development of a conceptual framework and setting of research questions, the next chapter discusses the research methodology and explores the procedures involved in answering the research questions set out in this study.

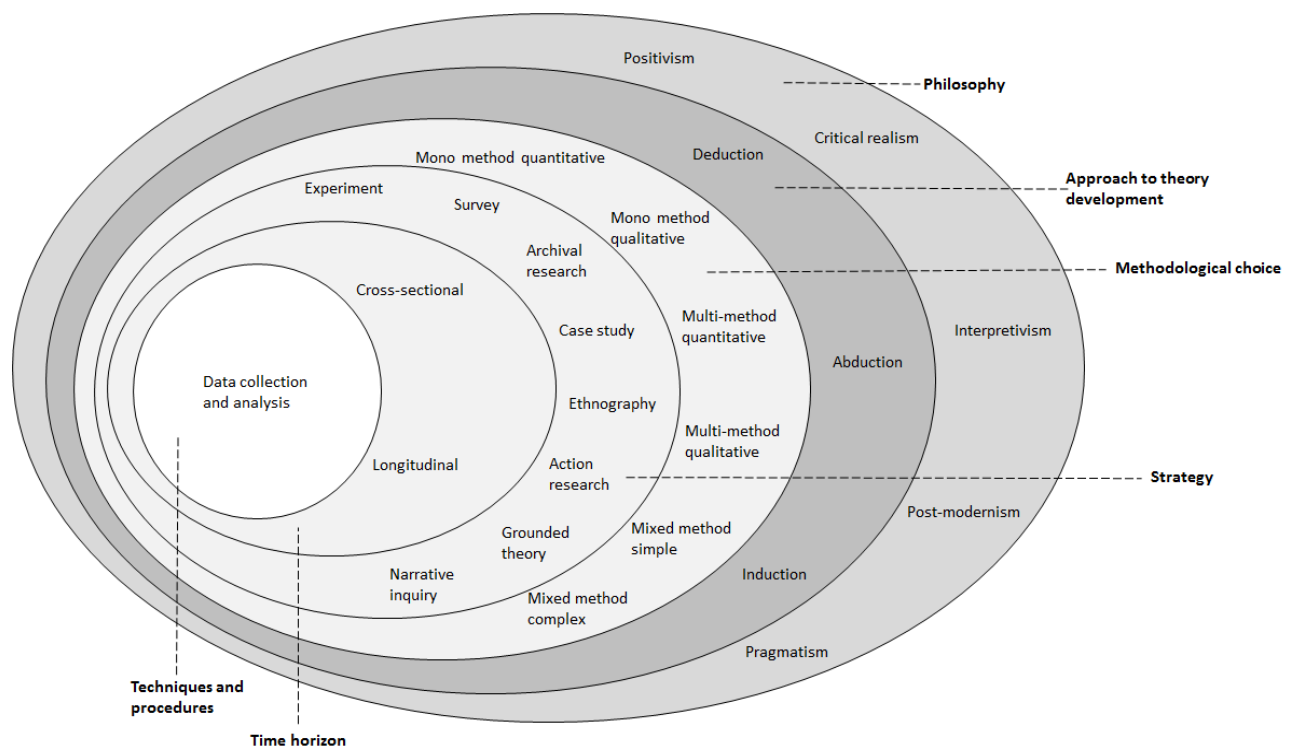
Chapter 5: Methods

The aim of this chapter is to present and justify the research design adopted in this study. Previous chapters have discussed the theoretical background to the study (chapters 2 and 3) as well as establishing the conceptual framework and research questions (chapter 4) upon which the research is grounded. This chapter outlines the mixed-methods methodology designed to answer these research questions, the rationale behind the research design, and discusses the suitability of such methods in this study.

Researchers seek to explain the existence of different phenomena through examining demographics, behaviour, attitudes, beliefs and other significant issues. Data is essential in order to achieve this, which can be collected and analysed through various measures (Hair *et al.*, 2007). This mixed-methods study aims to address SME internationalisation in the food and drink industry, using Wales and Brittany as case studies. A sequentially convergent mixed-methods design is used in the study, by which quantitative and qualitative data is collected in sequence and analysed separately before results are triangulated for interpretation. Quantitative data is obtained through a self-completion questionnaire in order to measure different variables as critical factors for SME internationalisation, as identified from relevant previous studies, while qualitative data is gathered through semi-structured interviews with key representatives of currently exporting and non-exporting SMEs in order to explore the variables in more depth. This allows for a comprehensive understanding of the extent to which companies have successfully pursued international activities, or not. Both quantitative and qualitative methods are used to converge the two forms of data and provide greater insight into the research problem, overcoming the limitations that would be evident by collecting either type of data separately.

Saunders, Lewis and Thornhill (2015) conceptualise research as an onion (see Figure 5.1 below), with different layers representing the different elements that shape research. At the core of this analogy is data collection and analysis, however in order to reach this point, it is necessary to explain and justify various choices, with each layer from the outside shaping the decisions of the next layer that moves towards the core. This chapter follows the different layers of the onion in outlining the rationale for the methods used in this study.

Figure 5.1 Research Onion



Adapted from Saunders, Lewis and Thornhill (2015, p. 124)

5.1 Research Philosophy

The purpose of conducting research is to develop knowledge (Saunders *et al.*, 2015). This development of knowledge is influenced at different stages of the process by a set of beliefs and assumptions, that is, the philosophy of research (Burrell & Morgan, 1979). Assumptions are made about human knowledge (epistemology), the realities encountered in research (ontology) and the extent to which human values influence the research process (axiology).

Within business research, awareness of the choice of philosophical commitments is essential, as this impacts upon actions and the understanding of the research (Johnson & Clark, 2006). Based on Saunders, Lewis and Thornhill's (2015) research onion (Figure 5.1), initial considerations are given to philosophical assumptions. Otherwise known as 'worldviews' or 'paradigms' (Creswell & Plano Clark, 2011), these refer to beliefs that shape the nature of the research, and include aspects such as epistemology and ontology, which relate to what the researcher knows and how they develop their knowledge. These philosophical assumptions can then guide the research approach, which in turn influences the methodological approach. The methods employed in the research design are closely associated with the methodology, outlining the techniques, instruments and procedures used to collect and analyse the data.

Based on the researcher's pragmatist worldview, this study uses mixed methods to address the research problem. In relation to mixed methods research, Creswell and Plano Clark (2011) discuss four main worldviews used in research, namely post-positivism, constructivism, participatory worldviews and pragmatism. These worldviews are present in Table 5.1 below in relation to elements of ontology, epistemology, axiology, methodology and rhetoric. Philosophical worldviews are not confined to the four discussed above. A multitude of paradigms have been discussed in various forms of research. In addition to those discussed in Table 5.1, Saunders et al. (2015) outline positivism, critical realism, interpretivism, postmodernism and pragmatism as five major philosophies related to business and management research.

Table 5.1: Elements of Worldviews and Implications for Practice

Worldview Element	Post-positivism	Constructivism	Participatory	Pragmatism
Ontology (What is the nature of the reality?)	Singular reality (e.g. researchers reject or fail to reject hypotheses)	Multiple realities (e.g. researchers provide quotes to illustrate different perspectives)	Political reality (e.g. findings are negotiated with participants)	Singular and multiple realities (e.g. researchers test hypotheses and provide multiple perspectives)
Epistemology (What is the relationship between the researcher and that being researched?)	Distance and impartiality (e.g. researchers objectively collect data on instruments)	Closeness (e.g. researchers visit participants at their sites to collect data)	Collaboration (e.g. researchers actively involve participants as collaborators)	Practicality (e.g. researchers collect data by “what works” to address research questions)
Axiology (What is the role of values?)	Unbiased (e.g. researchers use checks to eliminate bias)	Biased (e.g. researchers actively talk about their biases and interpretations)	Negotiated (e.g. researchers negotiate their biases with participants)	Multiple stances (e.g. researchers include both biased and unbiased perspectives)
Methodology (What is the process of the research?)	Deductive (e.g. researchers test a prior theory)	Inductive (e.g. researchers start with participants’ views and build “up” to patterns, theories and generalisations)	Participatory (e.g. researchers involve participants in all stages of the research and engage in cyclical reviews of results)	Combining (e.g. researchers collect both quantitative and qualitative data and mix them)
Rhetoric (What is the language of research?)	Formal style (e.g. researchers use agreed-on definitions of variables)	Informal style (e.g. researchers write in a literary, informal style)	Advocacy and change (e.g. researchers use language that will help bring about change and advocate for participants)	Formal or informal style (e.g. researchers may employ both formal and informal styles of writing)

Adapted from Creswell and Plano Clark (2011, p. 42)

Based on the distinctions between the worldviews shown in the above table, the researcher subscribes to a pragmatist worldview. Firstly, in terms of ontology, the researcher sees research as being a complex and chaotic process in which a variety of issues need to be

considered. Within this study, it is apparent from the literature review chapters and the conceptual framework (Figure 4.7) that a variety of internal and external factors need to be considered in relation to SME internationalisation, with previous studies showing various results. As such, multiple realities exist, which need to be considered through holistic research methods. Greene (2007) states that the main purpose of mixed methods is to gain a better understanding of the complex nature of social phenomena that is studied, as such there is an engagement with a plurality of philosophical positions.

The researcher's epistemology is based on the need for practical research to be conducted, believing strongly in the 'what works' principle (Creswell & Plano Clark, 2011), that the methodological choice should be based on what best suits the nature of the study. In this study, the multidisciplinary nature of the research means that different types of knowledge are sought with the aim of contributing to the development of knowledge on SME internationalisation, specifically in the food and drink industry. As such, the use of quantitative methodology is important in identifying significant variables, with the qualitative methodology used to develop an understanding of the narratives behind internationalisation.

Heron (1996) states that human action is guided by one's values, therefore a consideration of axiology is necessary within research. Here, the researcher believes in collecting the most reliable data possible for the study, focussing on the need to overcome bias (quantitative phase), but also ensure that interaction with participants allows for the company narrative (qualitative phase) to provide a wealth of knowledge. Given that discussed above, the use of mixed methods is considered appropriate in obtaining sufficient data to answer the research questions of the study. The applied nature of this research and the emphasis on practical outcomes is very much in line with the pragmatism worldview (Saunders *et al.*, 2015).

Adopting the 'what works' principle, this study adheres to Gray's (2013) position of the usefulness of mixed methods in dealing with a number of different research questions that correspond to different methods. The varied issues identified in the research questions of this study (see Table 4.2), which aim to explore gaps in the knowledge of food and drink SME internationalisation, lend themselves to investigation through both quantitative and qualitative methods.

The researcher sees value in quantitative research as a tried and tested method used frequently in the field of business-related studies, which is associated with a post-positivist philosophy. The need for empirical measurement and theory verification is also understood as being necessary in research processes in order to determine critical factors. However, the researcher also advocates elements of the constructivist worldview, namely the value in developing understanding and finding multiple meanings to explain a situation. To fully understand the determinants of successful internationalisation the researcher considers that understanding the particular context leading to success, or failure, of certain participants is a necessary element. Thus, the exploratory nature of this study in seeking to develop specific knowledge of SME internationalisation for the food and drink industry would benefit from seeking the experiences of different companies in relation to internationalisation (critical realism). That said, the use of qualitative methods to gather in-depth data would enable for pertinent theories to be developed and offer potentially significant support to SMEs and policy makers in each region.

Considering the complex nature of the research, the use of mixed methods here enables the researcher to incorporate the value from multiple worldviews into one study. Greater focus in the methodology is placed on the research questions of the study (pragmatist worldview) as a means of contributing to the body of knowledge in the field, as the researcher considers

these to be the most important influence of the methodological choice of this study. This is in line with previous studies that have acknowledged limitations in adopting a single method in attempting to explain internationalisation. This is true for Fillis (2008) who advocates a pluralistic approach to the study of SME internationalisation, as well as several studies on the internationalisation of food and drink companies seen in Table 4.1 (Sparkes & Thomas, 2001; Sterns & Peterson, 2001; Ibeh *et al.*, 2006; Testa, 2011; Ismail & Kuivalainen, 2015). Both Ibeh *et al.* (2006) and Testa (2011) recognise the drawbacks of having only 5 and 6 case studies respectively in their qualitative studies, whereas Ismail and Kuivalainen (2015) point to bias in their quantitative study. As such, the use of mixed methods can help to overcome such limitations (see section 5.4).

Furthermore, the researcher disagrees with the idea of subscribing to one specific worldview at either end of the quantitative and qualitative spectrum, failing to see research of this nature as being so linear, rather as a continuum of worldviews (as Morgan & Smircich, 1980). This is reflected in gender distinctions in modern life as the male/female distinction has been relaxed to consider other transgender distinctions. The researcher relates more closely with the 'what works' notion of pragmatism (Creswell & Plano Clark, 2011), taking a more practical viewpoint that research methods should be shaped around suitable methods in the context of the study. The pragmatist worldview resonates soundly with the researcher in that confining oneself to one method is not considered wise in the current academic climate, given the wealth of methods that have emerged and continue to emerge in the social sciences. It is the researcher's view that research is not as linear as it may appear, rather an iterative process (Blaikie, 2009) containing elements of reflexivity in reviewing and reassessing ideas and methods. It is recognised from the discussions above that elements of different

worldviews are relevant to this study. This is highlighted in Table 5.2 below, indicating how such paradigms are evident in shaping this study.

Table 5.2: The effect of various philosophies in shaping this study

Reasoning	Paradigm	Suitable Methodology
The researcher sees value in using tried and tested quantitative methods which represent most studies in this field.	Post-positivism	Quantitative
The need to find multiple meanings from social interaction	Constructivism	Qualitative
The need to explore the bigger picture and understand how the context of the social world is shaped by social structures	Critical realism	Qualitative
The researcher considers that the 'what works' notion is the most pertinent to the situation in which the research is being conducted. This is evident in the fact that the researcher engages in less traditional research methods	Pragmatism	Mixed methods

This research differs to many previous studies in that the focus is firmly placed on the food and drink industry, a context grounded in the uniqueness of the land and location or region-specific idiosyncrasies. With this in mind, a pluralistic approach is best suited this study with the aim of achieving the most accurate vision of SME internationalisation in the industry and regions of study (Fillis, 2008). Additionally, mixed methods is considered the most suitable methodology for this study due to concerns over the sample size. The relatively low numbers of food and drink SMEs located in each region of this study means that a uniquely quantitative study (as many studies on SME internationalisation are) would be rather limited here and would benefit from incorporating qualitative methods to establish rigour. The low number of companies, combined with concerns over accessing information, means that a mixed methods design would enhance the possibility of obtaining sufficient data from which to draw appropriate conclusions (see sections 6.1.3 and 6.2.3 for a discussion on gatekeepers).

5.2 Positionality

In addition to the philosophical worldview, it is necessary to consider the researcher's background and academic journey, given that research decisions are based on reciprocity and reflexivity (Jennings, 2001). Inspiration for this study emerged following the completion of a Master's dissertation examining the success of SME internationalisation in Welsh drinks companies. As the first experience of engaging in academic research, the researcher considered the qualitative study to be limited in its approach, since the findings were seen to be based on a small sample size of only 5 interviews, meaning that the data failed to provide a complete understanding of the main issues relating to internationalisation for Welsh drinks SMEs. Consequently, a more exploratory study was recognised as being necessary to provide a detailed understanding of SME internationalisation in the food and drink industry. The international nature of this study is derived from the researcher's experience of living and working for 7 years in Nantes, France, the historic capital of Brittany. During this time, cultural similarities with Wales, the researcher's native home, became apparent, particularly through the connection of local food products and culture. As a result, an investigation of food and drink SMEs was considered appropriate, not only for its relevance in the field of research, but also in terms of the researcher's experience.

The majority of the researcher's career experiences are confined to management and marketing. Initially working as a Teaching Fellow in international English communication in Nantes, management and marketing experiences were first seen through studying an International Master in Management (MSc), followed by a position as a Marketing Officer for a professional Welsh sports team. Although the researcher's career is rooted in management and marketing, the cultural elements of place have emerged from the international

experience of living and working in an area where the local culture mirrors that of the native culture, leading to the multidisciplinary nature of this study. This was also fuelled by engaging with literature from other fields, such as geography, as expressed in chapter 3.

5.3 Research Approach

Having established a pragmatist worldview enveloping the research, the next inner layer of the research onion relates to the approach to theory development. Referring to research strategies, Blaikie (2009) states that these approaches provide a logic for answering the research questions of a study. Subsequently, this choice represents the “second most important research design decision” following the formulation of research questions (Blaikie, 2009, p. 18). As seen in Figure 5.1, Saunders et al. (2015) identify three main research approaches as being deduction, induction and abduction. These approaches are summarised in table 5.3 below.

Deduction is the most common research approach, which draws on theory to deduce hypotheses which are then tested to determine whether the hypotheses are rejected or not. The logic behind this approach is that, as shown in the table above, if the premise is true then the conclusions should also be true. Conversely, induction represent the reverse process. That is, data is collected with the aim of exploring a phenomenon and build theory. Inductive approaches often lead to the formulation of conceptual frameworks. Alternatively, an abductive approach combines deductive and inductive approaches. Blaikie (2009) also points to a retroductive approach, the aim of which is to discover underlying mechanisms that explain observed regularities within particular contexts.

Table 5.3 Comparison of research approaches

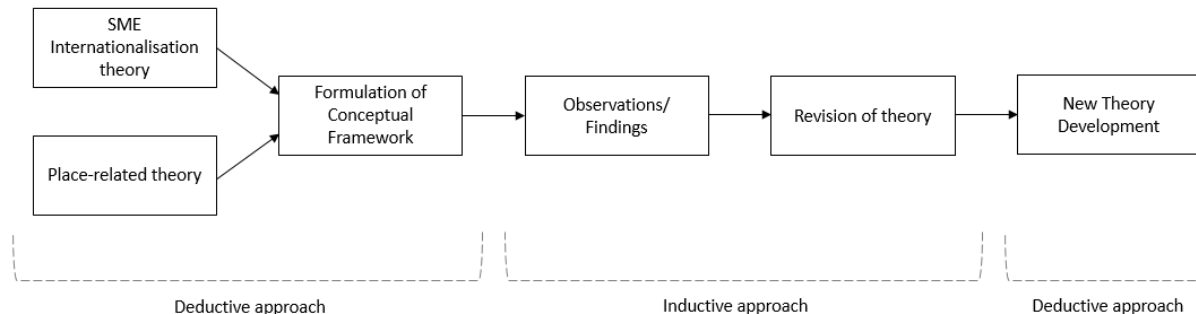
	Deduction	Induction	Abduction
Logic	In a deductive inference, when the premises are true, the conclusion must also be true	In an inductive inference, known premises are used to generate untested conclusions	In an abductive inference, known premises are used to generate testable conclusions
Generalisability	Generalising from the general to the specific	Generalising from the specific to the general	Generalising from the interactions between the specific and the general
Use of data	Data collection is used to evaluate propositions or hypotheses related to an existing theory	Data collection is used to explore a phenomenon, identify themes and patterns and create a conceptual framework	Data collection is used to explore a phenomenon, identify themes and patterns, locate these in a conceptual framework and test this through subsequent data collection and so forth.
Theory	Theory falsification or verification	Theory generation and building	Theory generation or modification; incorporating existing theory where appropriate, to build new theory or modify existing theory.

Adapted from Saunders, Lewis and Thornhill (2015, p. 145)

This study takes an abductive approach. Initially, theories are discussed with the aim of exploring internationalisation specifically among food and drink SMEs, leading to the formulation of a conceptual framework (see Figure 4.7), which is then tested through collecting data. Abduction highlights that the combination of both deductive and inductive approaches is possible and can often be beneficial, depending on the nature of the research (Saunders *et al.*, 2015). The choice of research approach is significant since it enables the researcher to make more informed decisions about the design of the research and it allows the researcher to determine the most appropriate methodology. Additionally, a knowledge of various research approaches provides flexibility in adapting the research design to accommodate any constraints (Easterby-Smith *et al.*, 2012).

Blaikie (2009) points to the iterative nature of research; that is true for this study and is reflected in the abductive approach followed here. Given the aim of identifying the critical success factors that influence food and drink SME internationalisation, the abductive approach of this study aims to develop a conceptual framework (deductive) based on previous theories, which is then tested through the collection of data (inductive). Thereafter, theory is generated with the aim of identifying suitable support in facilitating internationalisation for food and drink SMEs (deductive). Unlike deductive approaches, hypotheses are not used in this study, rather detailed research questions are favoured because of the explanatory nature of the study, given that two different theoretical fields have been married together. Figure 5.2 outlines the influence of different research approaches on the different stages of this study.

Figure 5.2: Research approaches in this study



5.4 Research Design

The third layer of the research onion (Figure 5.1) represents the choice of methodology. Creswell (2013) refers to three research methodologies, namely qualitative, quantitative and mixed-methods research. Several authors in relation to management research distinguish between quantitative and qualitative methods (such as Easterby-Smith *et al.*, 2002; Hair *et al.*, 2007). However, these two approaches should not be viewed as being rigid or dichotomies (Creswell, 2013), rather as different ends on a continuum (Newman & Benz, 1998).

Comprising elements of both quantitative and qualitative research methods, mixed methods is positioned in the middle of this continuum (Creswell, 2013).

As previously mentioned, a mixed-methods methodology was chosen for this study. This represents empirical research in which both quantitative and qualitative data is collected and analysed within the same study (Molina-Azorin, 2012). The design of this study meets the various situations in which Creswell and Plano-Clark (2011) consider mixed methods to be a suitable fit. Table 5.4 expresses these situations and the rationale behind them.

Table 5.4: Reasons for the choice of a mixed methods approach

Creswell and Plano Clark (2011)	Present Study
A need exists because one data source may be insufficient	Need for a more in-depth data collection due to concerns over a limited number of companies. The researcher considers quantitative data (as seen in several related studies) to be insufficient. Supplementing this data with greater context derived from qualitative sources would enhance the depth of data obtained. Mixed methods allow for the limitations of each method to be overcome.
A need exists to explain initial results	Initial results focus on key variables, the qualitative phase seeks to explain these variables and provide context to the situation.
A need exists to generalise exploratory findings	The study explores different variables that have been seen in previous studies to influence SME internationalisation. However, the lack of specific research on the food and drink industry means that the findings of this study need to be analysed in depth before results can be generalised.
A need exists to enhance a study with a second method	In-depth study needed. Most research in the area has involved quantitative research, therefore a mixed methods approach would offer greater understanding of the particularities of SME internationalisation.
A need exists to best employ a theoretical stance	The aim of the study is to understand issues that are significant in leading to food and drink SMEs to internationalise based on the conceptual framework presented in Figure 4.7.
A need exists to understand a research objective through multiple research phases	This is echoed by Fillis (2008), who calls for a more pluralistic approach to research on SME internationalisation. There are several calls for mixed methods in studying food and drink SME internationalisation (Sparkes & Thomas, 2001; Sterns & Peterson, 2001; Ibeh <i>et al.</i> , 2006; Testa, 2011; Ismail & Kuivalainen, 2015).

Developed for this study based on Creswell and Plano Clark (2011)

The above table highlights the ways in which the choice of mixed methods meets the needs of this study. Firstly, it is seen that one data source alone would be insufficient in explaining SME internationalisation. Concerns over the small number of possible respondents have been expressed above, given the relatively limited number of companies in the food and drink industries in Wales and Brittany (see section 5.5 for the sampling frame of this study) and the potential for this to limit the study. The use of a second method is considered to add to the depth of data obtained, ensuring that the most suitable results can be achieved. As a methodology, mixed-methods is seen as a means of overcoming the drawbacks of uniquely using quantitative and qualitative methods (Johnson & Turner, 2003), in a way that each method can complement the other.

Given the exploratory nature of this study, seeking to identify and understand the critical success factors of food and drink SME internationalisation, mixed methods is considered an appropriate method since it allows for the generation and verification of theory to occur simultaneously within the same study (Molina-Azorin, 2012). Mixed-methods provides researchers with more evidence than either type alone, and offers greater flexibility in the choice of data analysis methods, making it a more practical method since the researcher is not confined to following certain methods of analysis according to the methodology (Creswell & Plano Clark, 2011). Furthermore, mixed methods allow for more in-depth data to be collected, enabling the researcher to answer certain questions that one method alone could not provide (Teddlie & Tashakkori, 2003). In this study, the main variables identified in the conceptual framework (Figure 4.7) can be observed and investigated in more detail through the use of both quantitative and qualitative research, allowing for a more in-depth interpretation of results and the exploration of new theories.

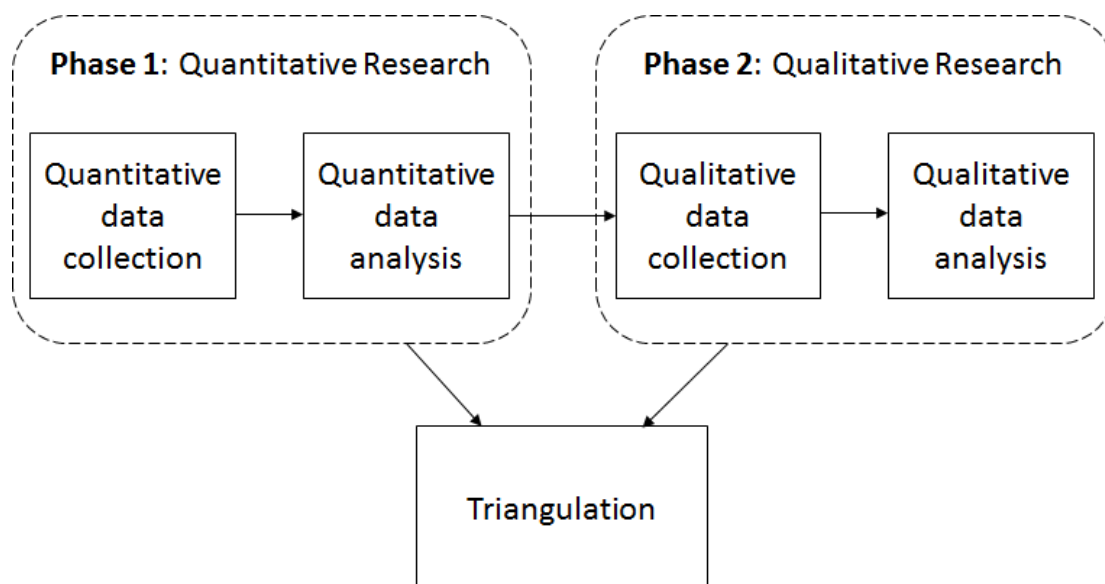
The complex nature of this research, as established in chapter 4 through the marrying of two fields of research, necessitates a comprehensive study. As an exploratory study seeking to identify the critical success factors of food and drink SME internationalisation, the use of quantitative methods is important in identifying significant variables observed in previous studies. Thereafter, qualitative methods are employed to provide a greater contextual focus on the issues experienced by companies in relation to internationalisation. The investigation of currently exporting and non-exporting companies is important here, as qualitative data can add greater depth to understandings of the distinctive issues between each type of company. This has been seen in many previous studies that a uniquely quantitative or qualitative approach fails to sufficiently explain the significant issues associated with SME internationalisation (Sterns & Peterson, 2001; Ibeh *et al.*, 2006; Fillis, 2008; Testa, 2011; Ismail & Kuivalainen, 2015). Spowart and Wickramasekera (2012) is the only recognised mixed methods study on food and drink SME internationalisation identified in Table 4.1. Recommendations are made for more mixed methods studies on SME internationalisation (Fillis, 2008), a call that this study heeds.

It has been observed that the majority of studies in the field have employed a quantitative methodology, with Sousa *et al.* (2008) identifying 50 out of 52 studies on SME internationalisation using quantitative methods. Additionally, a methodological meta-analysis of Management and Business research shows that 76% of empirical research adopt a quantitative methodology, compared to only 10% using qualitative methods and 14% using mixed-methods (Cameron & Molina-Azorin, 2010). Furthermore, a review of articles published in the Strategic Management Journal between 1980 and 2006, found that the impact of mixed methods articles was greater, with the mean number of citations being 6 for mixed methods compared to 3.5 for mono methods (Molina-Azorin, 2012).

5.4.1 Mixed Methods Methodology

In view of the above considerations, the researcher has chosen a research design for this study that is sequential in nature but also convergent in the way that data is collected and analysed. Six typical designs have been identified by Creswell and Plano Clark (2011), however they advise that studies adopt a design that best matches the research problem and the reasons behind the mixing of methods. As such, the researcher has not directly adopted one of the six designs, instead preferring a design that is most suited to the exploratory nature of this study, ensuring the value of both quantitative and qualitative phases. The rationale behind this design is to maintain equal weighting for both phases, ensuring that the benefits of both phases of data collection and analysis can be obtained (see section 5.4.2 for a discussion on weighting, timing and mixing). The sequential element is important in allowing for each phase to be collected separately and in detail. A diagram outlining the research design for this study is shown in Figure 5.3 below.

Figure 5.3: Research Design for this Study



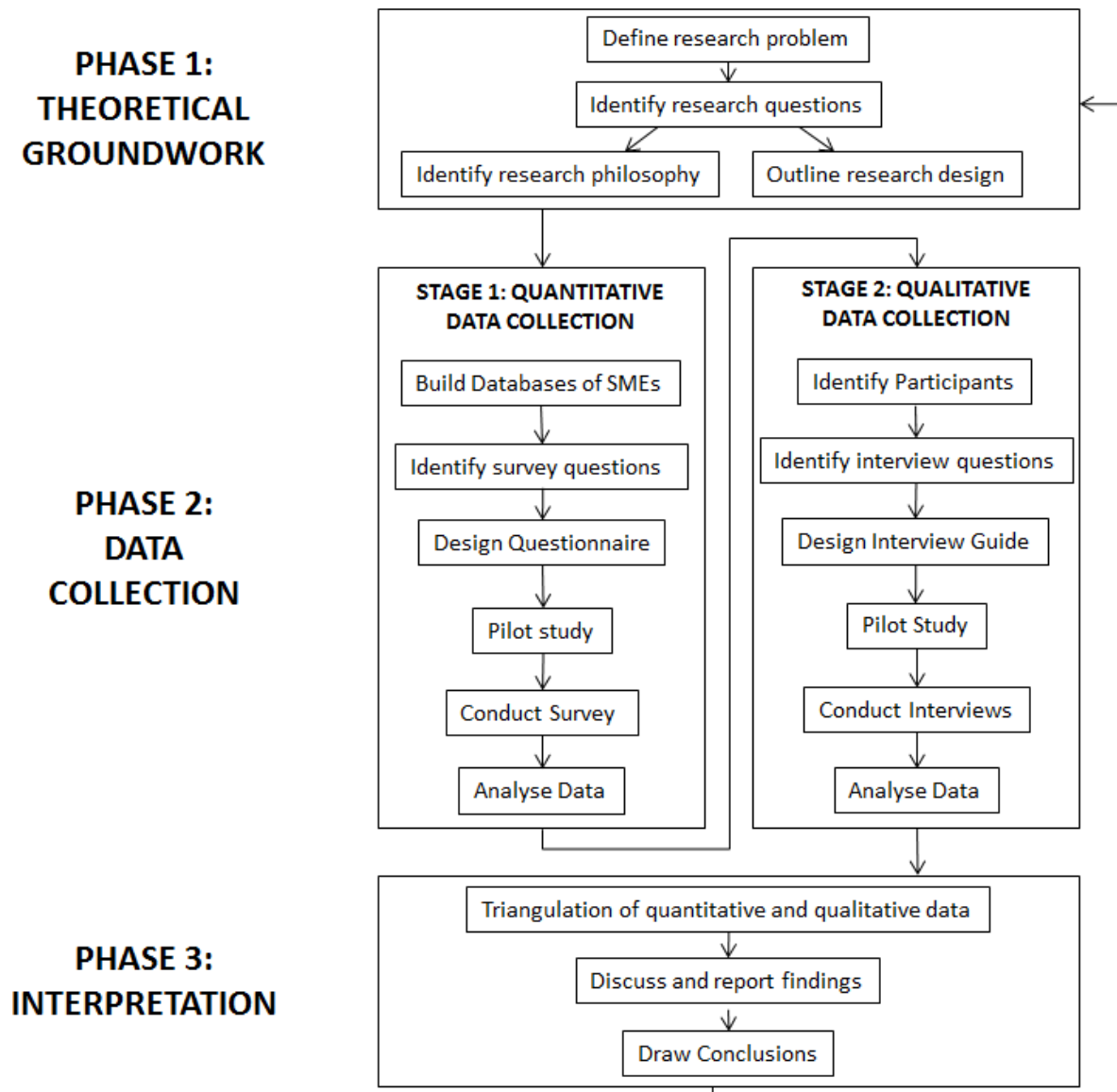
Developed for this study, influenced by Creswell and Plano Clark (2011, p. 69)

As shown in Figure 5.3 above, the sequentially convergent design outlined for this study begins with the first phase in which quantitative data is collected and analysed. The results obtained from the first phase were analysed separately, however they helped inform the sampling frame of the qualitative data collection phase by identifying exporting and non-exporting companies. This enabled both exporting and non-exporting companies to be contacted for interviews in the second phase, with the appropriate interview guide being used according to the company's activity. Following the analysis of the qualitative data, the results from both phases were triangulated for interpretation together. Despite covering a longer time frame than a parallel design, the sequential process is essential in ensuring that the most accurate and reliable data is obtained from the process (see Figure 5.5 for a timeline of the process). This design is set out to follow a thorough process at each stage, the aim of which is both to obtain comprehensive data from the overall process, as well as ensure that each step is conducted correctly. The full research process is outlined in Figure 5.4.

The diagram highlights the numerous steps in the process that need to be followed to ensure that accurate and reliable data is collected in this study. The respective sections of the next chapter provide a more detailed outline of both the quantitative (section 6.1) and qualitative (section 6.2) research designs. The rationale behind this design is to ensure that reliable data can be collected and analysed with the aim of answering the research questions of the study. The limited complexity of collecting data in separate phases allows for the process for each phase to be conducted accurately, reducing the possible limitations and bias that could impact upon the quality of data collected. The researcher sees the PhD research as a journey upon which research skills are founded and developed through a career in research. The use of mixed methods in this study, specifically the separation of research phases, is seen as an

opportunity to develop knowledge and competences in a range of quantitative and qualitative techniques that can act as the foundation for future research.

Figure 5.4: Research design of this study



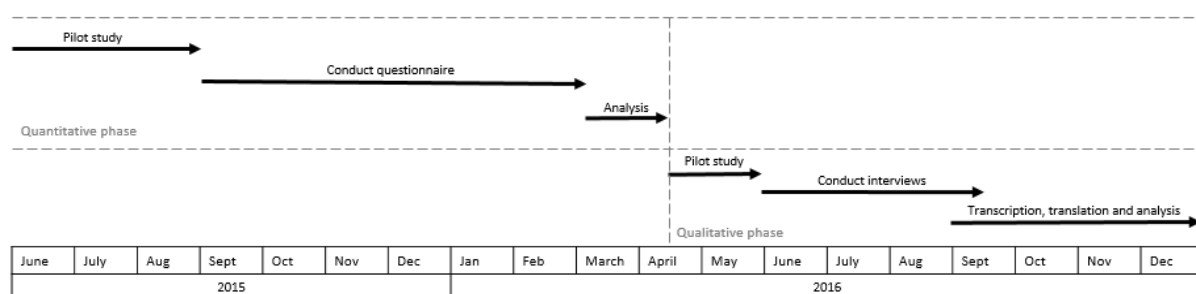
5.4.2 Weighting, timing, mixing

Having established the research design, decisions were needed on the weighting, timing and mixing elements of the design (Creswell & Plano Clark, 2011). The weighting refers to the interaction that exists between each phase of the study, a decision that is the “most salient and critical” in the research design according to Greene (2007, p. 120). Figure 5.3 shows that each phase of research is weighted equally, with no priority given to one method over

another. The quantitative and qualitative phases are conducted independently, with data collected and analysed independently before the findings are drawn together and interpreted collectively.

Timing relates to the temporal relationship between each phase of the study, in terms of when the data is collected, as well as the order in which the data is collected. As previously mentioned, the quantitative phase preceded the qualitative phase, allowing for a large number of companies to be invited to participate in the study, and for a large number of variables to be examined, which is essential for this study since the traditional literature (chapter 2) highlighted a number of variables that need to be studied. The sequential design allowed for each method to be conducted independently, enabling the researcher to focus attention and resources on each phase. This increases the time frame of the study, but increases the opportunity for the researcher to obtain the most accurate results possible. The sequential design also allows for the quantitative phase to distinguish between exporting and non-exporting companies in each region so that companies can be invited to participate in interviews in the qualitative phase according to their current activity. The full timeline of the data collection and analysis process for this study is outlined in Figure 5.5. The diagram highlights that each element occurs in sequence, with overlapping only occurring through the transcription of interviews being conducted while the data collection phase was on-going.

Figure 5.5: Research timeline of this study

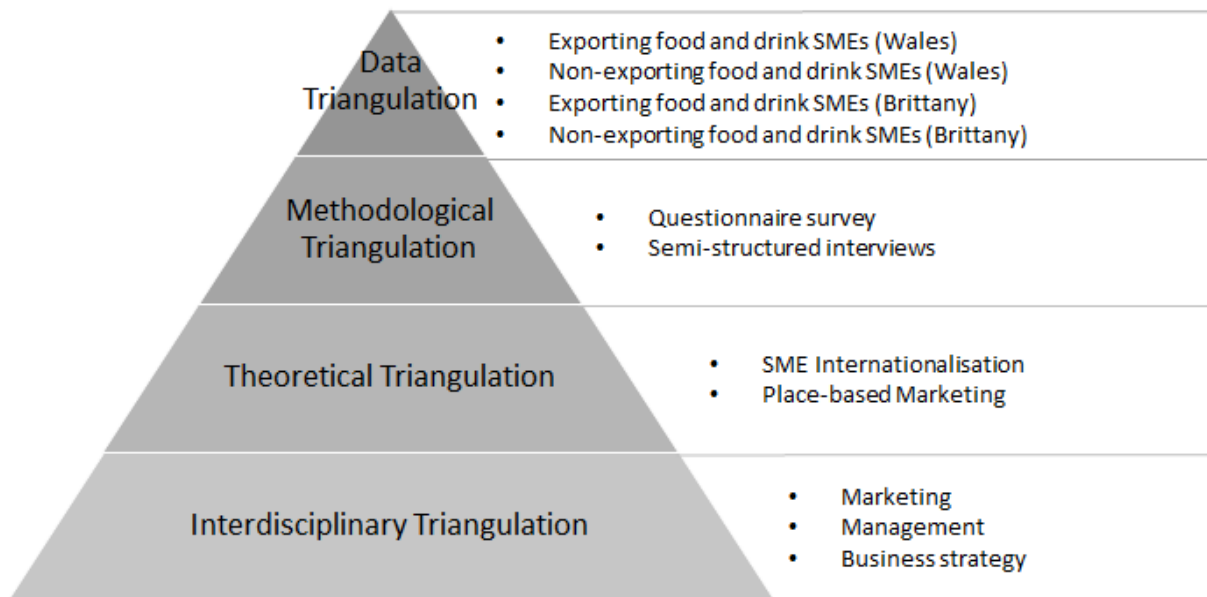


The final decision is the mixing of each method, that is, when and how the quantitative and qualitative phases are integrated together. The point at which the mixing occurs is referred to as the point of interface (Morse & Niehaus, 2009). This can occur at four different points: during interpretation, data analysis, data collection or at the level of the design (Creswell & Plano Clark, 2011). In this study, the mixing occurs in the interpretation phase, as shown in Figure 5.4. This means that each method is conducted and analysed independently and the mixing allows for conclusions to be drawn based on the combination of knowledge inferred.

5.4.3 Triangulation

An important element of mixed methods is triangulation. The mixing of methods has been discussed above and represented in the research design (see Figure 5.3). Triangulation is the use of more than one method of data in studying social phenomena (Bryman, 2015). Furthermore, Denzin (1970, p. 310) pointed to “multiple observers, theoretical perspectives, sources of data and methodologies”. Triangulation is recognised as a means for overcoming the limitations of a single methodology, as well as biases, generalizability and the threats to the validity of the research (Faugier & Sargeant, 1997; Robson, 2002). Evidence of triangulation in this study is seen in various forms, these are data triangulation, methodological triangulation, theoretical triangulation and interdisciplinary triangulation (see Figure 5.6).

Figure 5.6: Triangulation in this study



Developed for this study, influenced by Low (2012)

Interdisciplinary triangulation is evident in this study through the drawing of theories from various disciplines. Theories on SME internationalisation (chapter 2) relate to the fields of management and business strategy, specifically looking at ways in which small businesses can be managed to develop internationalisation strategies. This is combined with marketing theories seen through the promotion of place (chapter 3). The combination of these two fields represents the triangulation of theories from traditional SME internationalisation, which includes network theory (Johanson & Mattson, 1988; Johanson & Vahlne, 2009) and the Resource-based View (Rumelt, 1984; Wernerfelt, 1984; Barney, 1991), as well as theories relating to place-based issues (Westhead *et al.*, 2004; Freeman *et al.*, 2012), both from the perspective of location issues and place-based marketing (Tregear & Gorton, 2005; Pike, 2009). Methodological data consists of the use of quantitative (questionnaire) and qualitative (semi-structured interviews) methods, whereas data triangulation represents the different types of data obtained from both exporting and non-exporting food and drink SMEs in Wales and Brittany. These layers of triangulation represent the basis for a robust research model.

5.5 Sampling Frame

Given the specific focus of this study, the target population is clearly defined, that is, all food and drink-producing SMEs located in Wales and Brittany. For the purpose of this study the European Commission definition of an SME is upheld, namely an enterprise made up of less than 250 employees and having a turnover of less than 50million€ (European Commission, 2016). The geographic scope of the study focuses on any food and drink SME registered as being located within the borders of Wales or within the 4 départements located in the French region of Brittany, namely Côtes d'Armor (département number 22), Finistère (29), Ile et Vilaine (35) and Morbihan (56). SMEs located in the Loire Atlantique département (44), historically and culturally associated with Brittany, are not included in this study, since the département is now located within the Pays de la Loire region.

Without a clearly defined list of food producing SMEs available for both Wales and Brittany, it was necessary for the researcher to develop them specifically for this study. Given the choice of methodology of the study, specifically the use of an online self-completion questionnaire during the quantitative research phase, the researcher established a specific set of criteria in the development of the companies' databases, this being:

- the need for the company to have an online presence, either through an up-to-date company website or active social media pages (Facebook, Twitter)
- the need for the company to have an active email address

Numerous databases were consulted and extensive secondary research was conducted in order to identify the enterprises that met the specifications of the study. For Welsh SMEs, companies were identified through the FAME database, the annual Welsh Food and Drink Directory published by the Zero2Five Food Industry Centre (Zero2Five, 2014, 2015), the Food

and Drink Wales directory produced by the Welsh Government food (Welsh Government, 2015), as well as an extensive internet and social media search. Validation of the activity of these companies was achieved by research on the Companies House website (Companies House, 2015). In Brittany the database was compiled through research from a publication from the local regional government (Bretagne Développement Innovation, 2014), local Chamber of Commerce publications, local news publications, such as the *Ouest France Entreprises* magazine, as well as an extensive internet and social media search. Validation was sought using the website of the French national institute of statistics and economic studies (INSEE) (Institut national de la statistique et des études économiques, 2015). As a result of this research, a database of 451 food and drink producing SMEs were identified and verified in Wales, with 359 equivalent firms in Brittany, leading to a total population of 810 SMEs. A detailed outline of the sampling techniques employed by each method of data collection is provided in sections 6.1.3 (quantitative) and 6.2.3 (qualitative).

5.6 Conclusion

This chapter outlined the research design (Figure 5.4), and presented justifications for the use of mixed methods in this study. The pragmatic worldview of the researcher is responsible for the sequentially convergent mixed methods design, as this is considered the most suitable in obtaining the most accurate and reliable data to answer the research questions (section 4.3). A detailed description of the research design outlined the weighting, timing and mixing of the methods in this study, as well as the various types of triangulation evident throughout the study. Having established the broader design of this study, and the rationale behind this decision, the next chapter presents a detailed outline of the instrument design for each phase of this study, as well as discussing research ethics and reflexivity.

Chapter 6: Mixed Methods Design

The previous chapter outlined the research design for the study and considered the reasons for adopting mixed methods. The mixed methods of this study are set out into two sequential phases, the first involving quantitative analysis through a self-completion questionnaire, followed by a qualitative phase of semi-structured interviews. This chapter outlines the design of each phase of the study, as well as addressing issues of rigour, sampling and ethics.

6.1 Phase 1: Quantitative Research

The objective of the first research phase was to investigate the effect of different factors on internationalisation. A self-completion online questionnaire was administered to food and drink-producing SMEs located in Wales and Brittany, with the aim of gauging their opinions on a range of factors to internationalisation. The literature review identified a number of variables that were necessary to investigate in relation to internationalisation, based on the wealth of literature that exists in the field. This resulted in 78 independent variables being selected for investigation against the dependent variable, which measures whether companies sell their products in foreign markets or not (see Appendix A for a list of the variables selected for this study). Given the large number of variables under investigation, a quantitative research phase was deemed important for analysing the significance of these variables to internationalisation, since this method uses numerical data analysis to explain relationships between different variables (Creswell, 2013). The use of quantitative research in studies in the field has been documented above, as such, this phase of study is in line with many previous studies and can therefore be considered a suitable method for this phase.

A self-completion questionnaire was considered the most suitable instrument for the quantitative data collection phase. This decision was mainly influenced by the practicalities of the study. With a large number of companies present in two geographic locations, it was considered quicker, cheaper and more logical to administer the study by this method. Specifically, the use of an online questionnaire allowed for a large batch of questionnaires to be sent out to the intended sample in a short period of time, reducing the amount of administrative work needed in this phase. Additionally, the use of email to send out questionnaires via a URL link meant that participants could be followed up where no response had been achieved. The use of the Bristol Online Surveys software provided the researcher with a suitable platform to monitor the progress of this phase, allowing for responses to be tracked and followed up, where appropriate. Further advantages of the online self-completion questionnaire were seen in the ability to reduce bias through avoiding the 'interviewer effect' (Bryman, 2015). The choice of instrument was also based on rigour (see section 6.1.2), sampling (section 6.1.3) and data analysis (section 6.1.4).

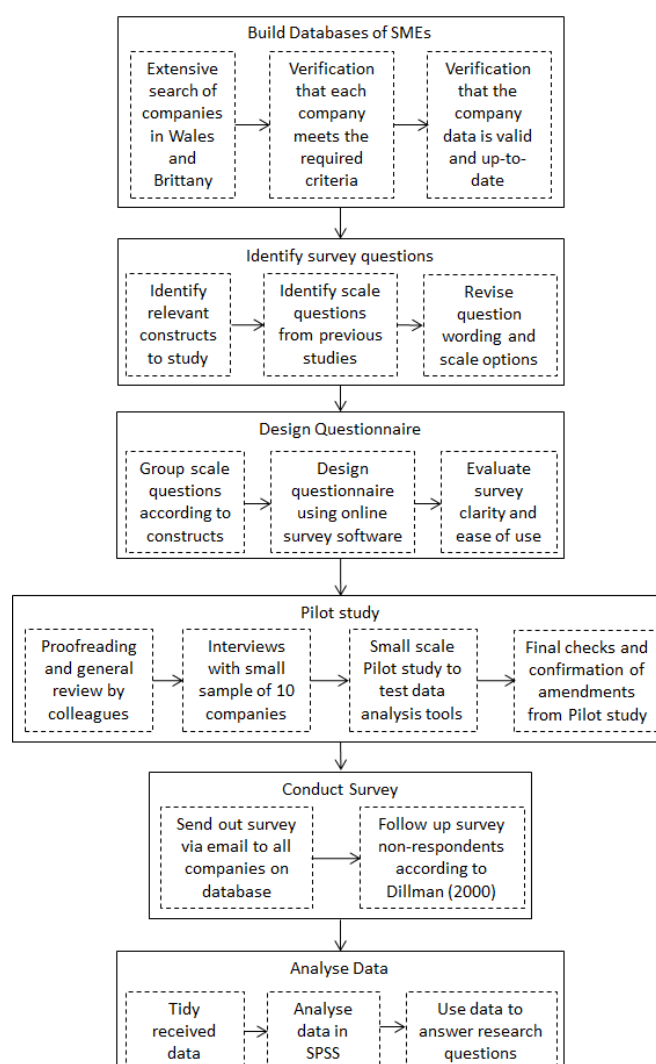
Despite the advantages discussed above, the drawbacks of the questionnaire were recognised. Bryman (2015) points to the risk of missing data with self-completing questionnaires as well as a low response rate. Response rates are seen as significant in research, since there is a risk of bias in the data unless it can be proven that non-participants do not differ from those who do participate. As such, a thorough process was followed for the design of the questionnaire (see section 6.1.1). Having decided upon a mixed-methods approach, the drawbacks of employing a questionnaire could be alleviated by the two-phased approach of this study, which also made use of the benefits of interviews (see section 6.2). Both phases of the study were designed to gather data in order to address each of the research questions of the study. Quantitative data was obtained to investigate the different

variables that correspond to each research question, with the qualitative phase allowing for more in-depth data to be obtained about the companies' experiences of internationalisation.

6.1.1 Instrument Design

An extensive design process was implemented for this phase of the study, with the aim of obtaining reliable data. The first step in this process involved establishing the sampling frame (see section 5.5). To achieve this, secondary research was necessary to identify and verify relevant companies for the study, leading to a database of 810 food and drink SMEs across Wales and Brittany. Once established, the main focus of the design for this phase was on the development of the questionnaire (see Figure 6.1 for the full design process).

Figure 6.1: Quantitative Research Design for This Study



Survey questions were designed based on questions and issues investigated in previous studies on SME internationalisation (see Appendix A for questions derived from previous studies), as well as new questions developed for this study, where gaps were identified. These were structured around the 13 constructs set out in the conceptual framework (Figure 4.7). Although questionnaires appear simple to use, the design process can be complex with a range of issues to consider, notably the type of questions and format of the questionnaire (Easterby-Smith *et al.*, 2002). As this study draws on theories relating to SME internationalisation and place-based issues, new questions were needed to be developed mostly relating to place-based issues, particularly in the Product and Product COO constructs, as well as new questions related to the current environment in which companies operate (Environment Influencers and Environment Obstacles constructs). With the exception of demographic questions and questions on Owner-Manager Experience, the survey was made up of closed-ended 5-point Likert scale questions. The use of such questions was chosen in order to facilitate the analysis process and improve the response rate. With a second qualitative phase of the study, open-ended questions were not considered necessary in this phase, and are not considered to offer more valuable data than well-designed closed-ended questions (Mason, 2002). Further attempts to ensure valid and reliable data from the questionnaire were made through the use of a pilot test (Dillman, 2000), where an 'other' text box was available in which respondents could add issues not included in the questionnaire (see section 6.1.2 on the pilot study).

Having finalised the question text, the survey was designed using the Bristol Online Survey software, to which full access was provided by Aberystwyth University. Attention was paid to the layout of the survey (Dillman, 2000), with the design ensuring that questions could be displayed easily on various devices (desktop, tablet or mobile), without giving the appearance

of the survey being long (Easterby-Smith *et al.*, 2002). Questions were presented in tables based on their respective scales across 6 pages, with an additional title page and a thank you page at the end. This included one page which contained different pathways for currently exporting and non-exporting companies. Which path respondents were directed down depended upon their response to a screening question (see Q9 of questionnaire, Appendix C). The questions remained the same regardless of which path was followed by participants, with the wording of questions altering according to the path followed. This was particularly important where participants were invited to evaluate their motivation for internationalisation either retrospectively for current exporters, or prospectively for non-exporters. This enabled the study to compare responses from exporters and non-exporters.

Good questionnaires should include a cover letter explaining the aims of the research and the reasons why the participant was selected for the study, as well brief instructions on how to complete the questionnaire (Easterby-Smith *et al.*, 2002). As such, the email accompanying the link to the online questionnaire included a cover letter (see Appendix B) with instructions guiding the participant in answering the questions, in addition to information relating to informed consent and confirmation of participant anonymity. This was also repeated in the opening message once participants clicked on the link to access the online questionnaire.

The above discussions highlight the various measures undertaken by the researcher to ensure that a rigorous process was followed in designing the questionnaire. Additionally, this aimed to improve the potential response rate obtained from this phase of the study. Table 6.1 provides a full outline of measures to improve the response rate based on Bryman (2015).

Table 6.1: Measure taken to improve the response rate

Steps for improving response rate (Bryman, 2015)	Measures taken in this study
Write a good cover letter outlining the importance of the research and reasons for inviting participants.	A cover letter was sent by email inviting recipients to participate in the study by clicking on a link. The letter outlined the value of their responses to the study.
Accompany questionnaire with means of returning, such as a stamped-addressed envelope.	Respondents completed the survey online, where their responses were saved.
Follow up non-respondents by providing reminders.	The Tailored Design Method (Dillman, 2000) was followed in administering the questionnaire.
Use shorter, salient questions. Avoid long questionnaires.	Relevant close-ended Likert-scale questions were used influenced by previous studies. These were tested through a pilot study following Dillman (2000).
Provide clear instructions and an attractive questionnaire layout.	Likert scale questions were set out logically into tables for clarity. Instructions were provided on answering the survey. The layout was also tested in the pilot study.
Avoid bulky-looking questionnaires.	The layout of the questionnaire was reduced through using Likert scale questions and set out on pages relating to each theme. The survey length was also tested in the pilot study.
Begin with questions more likely to be of interest to respondents.	Questions about the company were at the start of the survey, seen as an easy way to begin the survey.
Personalise cover letters.	Extensive research was conducted to include the relevant people from each company in the cover letter.
Include as few open questions as possible.	Open questions were only included in the survey for the purpose of monitoring responses.
Provide monetary incentives.	It was decided that monetary incentives would not be offered. Attempts to improve the response rate were dependent upon improving the questionnaire design.

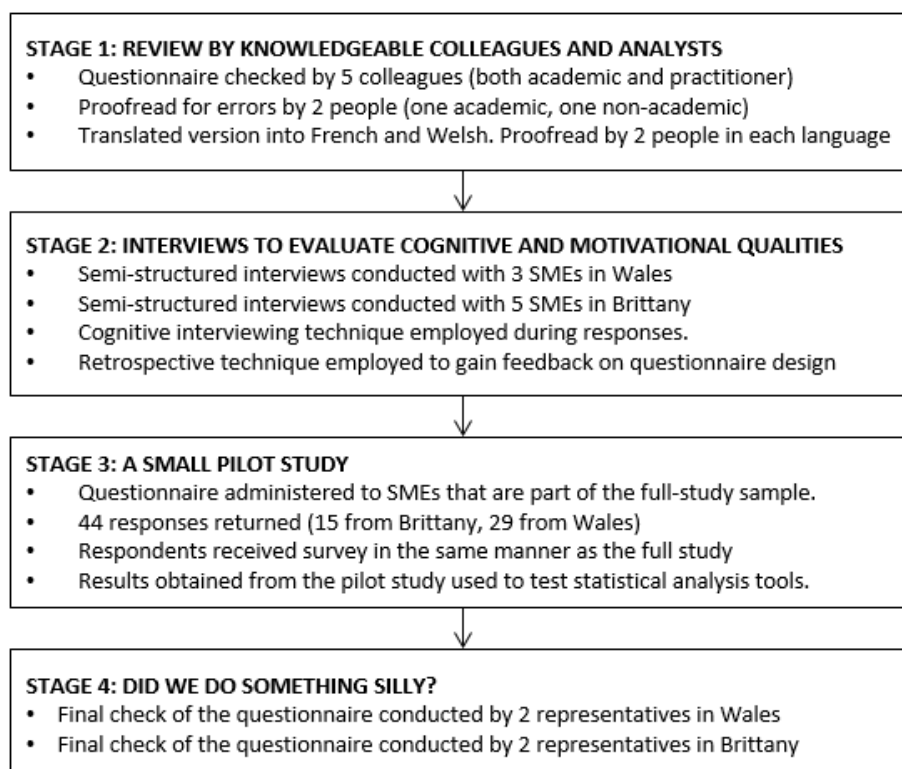
Created for this study, influenced by Bryman (2015)

6.1.2 Rigour

The quest for rigour is sought in all aspects of this study. A rigorous study is one that addresses issues of validity and reliability. Validity refers to the ability of the research to measure what it intends to measure (Robson, 2002). This can be seen in various forms, such as face validity, where the study appears to measure what it is supposed to; construct validity, investigating the expected relationships among concepts; or external validity, the ability to generalise findings to a larger population (Gray, 2013). Reliability is the extent to which the research

procedures can achieve consistent findings (Easterby-Smith *et al.*, 2012). Attempts to achieve rigour are evident in all stages of this study, with the researcher seeking to follow thorough processes, such as the identification of the variables for investigation following the literature review, and the establishment of the sampling frame. All parts of the quantitative phase were designed to follow a rigorous process (see Figure 6.1), from the questionnaire design to the way in which the research was conducted. Additionally, a pilot study was conducted to test for the reliability and validity of the research questions and clarify methodological issues, such as the suitability of questions (Yin, 2003). Both face validity (stages 1 and 2 in Figure 6.2) and reliability were tested during the pilot study, with further testing of construct validity and reliability evident as part of the main study (see section 7.2). The pilot study lasted a period of 3 months (June - August 2015) and was based on the 4-step process established by Dillman (2000), consisting of face validity checks in the first stage, interviews of the questions in stage 2, a small pilot study in stage 3 and final checks in stage 4, as documented in Figure 6.2.

Figure 6.2: Pilot Study Process for the Quantitative Phase of this Study



The first stage of pre-testing involved having the questions checked for suitability and consistency, this was done by 5 different colleagues, who advised on revising the wording and structure of the questionnaire. After proofreading the questions for errors and clarity, the questionnaire was translated into both French and Welsh by the researcher and proofread by 2 separate people in each language for accuracy, ensuring these versions replicated the original English questionnaire.

The second stage saw 8 semi-structured interviews (3 in Wales, 5 in Brittany) conducted with participants that were representative of the respondents sought for the main study. A cognitive interviewing technique (Forsyth & Lessler, 1991 cited in Dillman 2000, p.142) was employed in which respondents were asked to think out loud whilst responding to each question, giving the researcher a clear insight into how each question was being interpreted by the respondent. Additionally, a retrospective technique (Dillman, 2000) was used, asking participants to complete a short questionnaire reviewing the layout, length, flow and clarity of the questionnaire, as well as the practicalities of accessing the survey online. The results of this questionnaire are shown in Table 6.2.

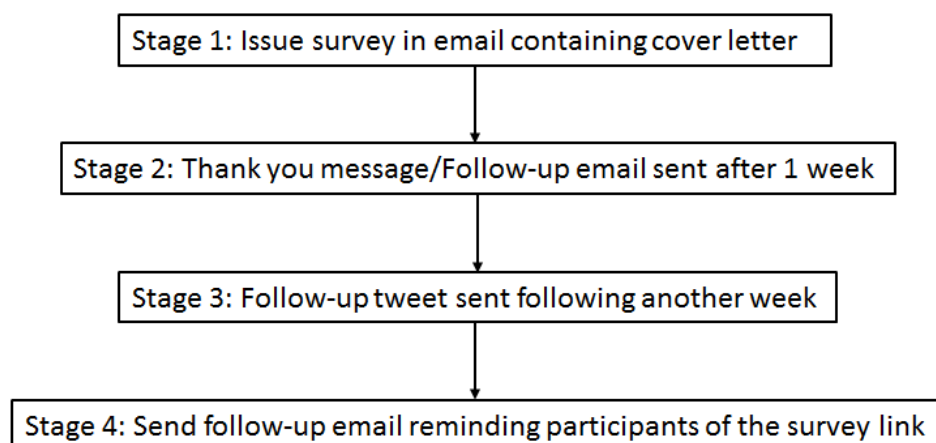
Table 6.2: Means from the Retrospective Analysis of the Pilot Survey (Stage 2)

Variable	Mean
Ease of Access	4.750
Question Clarity	3.750
Ease of Completion	4.125
Survey Layout	3.875
Survey Length	4.250
Survey Flow	3.875

Results show high means for each variable (3.750 to 4.750 on a 5-point Likert scale), highlighting positive results for accessing, understanding and completing the questionnaire. Minor changes were made to some questions following the pilot study (see Table 6.4).

Stage 3 saw the most extensive stage of pre-testing as food and drink SMEs from the study sampling frame were invited to take the questionnaire in the same conditions as intended in the full study. A sample of 5% of the total population was considered desirable for the pilot study. With a total of 810 food and drink SMEs identified in the sampling frame, this constituted 41 respondents. A random sample of 148 SMEs were invited to take part in this stage of the process, selected through simple random sampling, with the survey being emailed to each firm spontaneously. In total, 44 responses were obtained, equating to a response rate of 29.7%, considered good for an online survey, especially since response rates are generally considered lower for online questionnaires compared to those sent by mail (Bryman, 2015). This stage also provided a means of testing and perfecting the process of administering the questionnaire and following up on non-respondents. The Tailored Design Method set out by Dillman (2000) was adapted for administering the survey (see Figure 6.3). After launching the survey in a personalised email cover letter, the follow-up process began with an email reminder after a week of no response, followed by a reminder tweet (where possible) or email. A final reminder email was sent after a third week of no response. All respondents received a thank you email upon completion.

Figure 6.3: Pilot Stage Administration Process



An important evaluation at this stage was the test of reliability of the scale questions. Reliability concerns the extent to which construct measures are internally consistent (Malhotra *et al.*, 2012). This was done through conducting a Cronbach's Alpha test (see Table 6.3).

Table 6.3: Table of Reliability of Survey Scale Questions

Construct	Cronbach's Alpha
Resources	0.819
Product	0.548
Product COO	0.636
Environment Influencers	0.784
Environment Obstacles	0.803
Network	0.621
Support	0.773
Support Aspects	0.917
Owner-Manager Experience	0.724
Company Motivation	0.736
Owner-Manager Motivation	0.875

The table documents the Cronbach's alpha coefficient obtained for the different constructs of the study. Results from Cronbach's alpha range from 0 to 1, with results above 0.7 seen as desirable to indicate reliability (DeVellis, 2012). From the above table, nearly all of the results have a value above 0.7, with the lowest being 0.548. However, lower Cronbach values of around 0.5 are common (Pallant, 2016), and this is not of grave concern. Having established reliability here, the face validity checks of the pilot study suffice at this stage, as validity is seen to depend on reliability (Gray, 2013). Reliability was tested again in the full study, along with construct validity (see section 7.2).

The final stage of the pilot process simply required final checks to be conducted. Following minor changes to the questionnaire, final checks were made and proofread. Table 6.4 presents a full checklist based on the Dillman (2000) method and the measures taken in this study to achieve a rigorous piloting process. In addition to checks for validity and reliability,

the use of triangulation and gathering of more than one source of data confirms the validity, credibility and authenticity of the data in this study (Saunders *et al.*, 2015).

Table 6.4: Summary of Pilot Study Amendments following the Tailored Design Method

	Dillman (2000)	This Study
STAGE 1: REVIEW BY KNOWLEDGEABLE COLLEAGUES AND ANALYSTS	Have I included all of the necessary questions?	A systematic literature review identified all necessary variables which were included in questions.
	Can I eliminate some of the questions?	No, all questions are relevant.
	Did I use categories that will allow me to compare responses to census data or results of other surveys?	Yes. Some questions were drawn from previous studies, all variables were confirmed from literature.
	What are the merits of modernizing categories versus keeping categories as they have been used for past studies?	This study combines different research fields, thus modernising categories is somewhat necessary.
STAGE 2: INTERVIEWS TO EVALUATE COGNITIVE AND MOTIVATIONAL QUALITIES	Are all of the words understood?	Yes. Changes were made and verified to ambiguous questions.
	Are all of the questions interpreted similarly by all respondents?	Yes. This was verified for both regions.
	Do all of the questions have an answer that can be marked by every respondent?	Yes.
	Is each respondent likely to read and answer each question?	The online questionnaire has been designed to increase the likelihood of this.
	Does the mailing package (envelope, cover letter and questionnaire) create a positive impression?	Yes. All information is provided about the study, as well as approval from the university.
STAGE 3: A SMALL PILOT STUDY	Have I constructed the response categories for scalar questions so people distribute themselves across categories rather than being concentrated in only one or two of them?	Yes. A five-point Likert scale was adopted for all questions, which is in line with relevant previous studies.
	Do any items from which I hope to build a scale correlate in a way that will allow me to build scales?	Scales have been developed with relevant questions. This is based on scales from previous studies.
	Are some questions generating a high item nonresponse rate?	No non-response patterns were evident from the pilot study.
	Do some variables correlate so highly that for all practical purposes I can eliminate one or more of them?	No.
	Is useful information being obtained from open-ended questions?	No open-ended questions were used in the questionnaire.
	Are entire pages or sections of the questionnaire being skipped?	No.
	What response rate can I expect?	The small pilot obtained a combined response rate of 29.7%.
STAGE 4	Did we do something silly?	All inaccuracies or issues have been resolved due to the thorough pilot process.

6.1.3 Sampling and Distribution

The sampling frame for this study included all food and drink SMEs located in Wales and Brittany that have an active website or social media site, as well as an active email (see section 5.5). Probability sampling is most associated with research conducted through surveys, where there is a need to interpret results from the sample in relation to the population (Saunders *et al.*, 2015). Given the clearly defined sampling frame, the aim of the quantitative phase of the study is to invite all of the companies that make up the sampling frame to complete the online questionnaire, as all potential respondents here have been identified through extensive background research as being relevant respondents of the survey.

The use of probability sampling was chosen for this study with the aim of obtaining the most accurate results possible. In order to make suitable generalisations from the study, a larger sample size is considered to produce more accurate results and represent a lower likelihood of error in the generalisations towards the target population (Saunders *et al.*, 2015). Consequently, the response rate obtained from this phase of the study plays a significant role in the generalisability of the findings. Response rates for online questionnaires are recognised as being lower than that of paper questionnaires (Cook *et al.*, 2000) where it is found that responses to business surveys conducted online can be as low as 10-20% due to response fatigue (Saunders *et al.*, 2015). The response rate derived from the questionnaire is largely dependent on the goodwill of company representatives in responding to the survey. Thus, the issue of access for researchers in industry-focussed research and the barriers that this presents is a matter that is largely ignored (Feldman *et al.*, 2003; Okumus *et al.*, 2007). For researchers at doctoral level, the challenges of gaining access reflects the power that is held by gatekeepers (Low & Everett, 2014), as discussed in section 6.4.

Following a response rate of 29.7% from the pilot study, a similar response rate from the full study would be acceptable, but the highest rate possible would be desirable in order for more accurate generalisations to be made across the whole population. As a mixed-methods study, the qualitative phase enhances the study and acts to alleviate the drawbacks of a limited response rate from the quantitative phase by adding depth and context to the study.

After completing the pilot study, the questionnaire was launched in September 2015. The distribution of the questionnaire followed the same process established for the pilot study (see Figure 6.3), based on the Dillman (2000) approach. The data collection period for this phase lasted until the beginning of March 2016, allowing time for personal email invitations to be sent out to all representatives of the sampling frame, as well as an extensive follow-up process, aimed at obtaining the highest possible response rate.

6.1.4 Methods of Analysis

The analysis of the questionnaire data was conducted between March and mid-April 2016. For the full study, the survey results were downloaded from the Bristol Online Surveys platform into Microsoft Excel, where data was checked and edited into appropriate groups, allowing for comparisons to be drawn from exporters and non-exporters. Once this was completed, data was transferred to the SPSS 23 statistical software package for analysis. Firstly, analysis sought to confirm the validity and reliability of the data, with an exploratory factor analysis used to test construct validity and a Cronbach's alpha used to test reliability of each construct in turn. Secondly, analysis focussed on descriptive statistics. This allows for simple patterns to be observed in the data relating to company characteristics, and also allows for initial comparisons to be drawn between exporting and non-exporting companies. These comparisons were further investigated using T-tests, comparing results for exporters and

non-exporters for each construct. The main analysis techniques used were a correlation analysis and a logistic regression, where the various independent variables were tested in relation to the dependent variable (internationalisation). The use of these techniques aimed to seek statistically significant variables that influence internationalisation. Full results of phase 1 are presented in chapter 7.

6.2 Phase 2: Qualitative Research

The second phase of the study aimed to investigate and analyse the experiences of food and drink SMEs in relation to internationalisation. Semi-structured interviews were conducted with both exporting and non-exporting companies to learn about how the companies internationalise, or why they do not currently internationalise. As the two research phases of this study were conducted independently, the aim of the second phase was to add greater depth to the data obtained in order to provide detailed answers to the research questions. The need to understand the bigger picture is representative of the critical realism philosophy. Based on the researcher's pragmatist worldview, the use of this phase in supplementing the first phase represents a methodology that works for this study, allowing for sufficient data to be obtained to fully explain the issues related to internationalisation. This is in line with recommendations from previous studies for mixed methods to be adopted in research of this nature (such as Fillis, 2008).

Given the nature of this study, semi-structured interviews were considered the most suitable method to complement the questionnaire phase outlined above, in reaching the aim of obtaining in-depth data. Interviews represent a means of accessing respondents' narratives of their worlds, allowing for culturally rich methods to elicit reasonable accounts of their world (Denzin & Lincoln, 2000). It was considered that these narratives would be valuable in

providing an explanation as to how companies internationalise, or not, especially since the literature review outlined a number of issues for discussion. The complex nature of SME internationalisation and the exploratory nature of this study in focussing on the food and drink industry, require a detailed understanding of the issues related to internationalisation, from the perspective of both exporters and non-exporters. The use of semi-structured interviews as a means of conducting exploratory research is supported by Jennings (2005). This method provides flexibility for the interviewer to direct the flow of conversation without having to keep to a strict structure, which could lead to repetition of different points and a feeling that the style of interview inhibited the interviewee to air their views fully.

Semi-structured interviews were considered the most important research method for this phase of study, since interviewing is seen as one of the most powerful ways in understanding humans (Denzin & Lincoln, 2000). Alternative methods were considered, however ethnography was not deemed suitable since the process involves observing several participants over a longer period of time, whereas the nature of this study focuses on the internationalisation experiences of the firm. This study focusses on what companies have experienced in relation to internationalisation, therefore observing the company over a longer period would not provide greater information than using interviews. Interviews are preferred to focus groups as the ability of company representatives to discuss issues solely with an interviewer would enable the experience of each individual firm to be aired more openly and extensively. Within focus groups, each participant would have less time to contribute to discussions and may not be comfortable sharing opinions and experiences openly with representatives of other similar firms, meaning that their anonymity is compromised and the findings biased. Issues of time and logistics were also considered, with ethnography requiring a research phase of several months on top of the almost 12-month

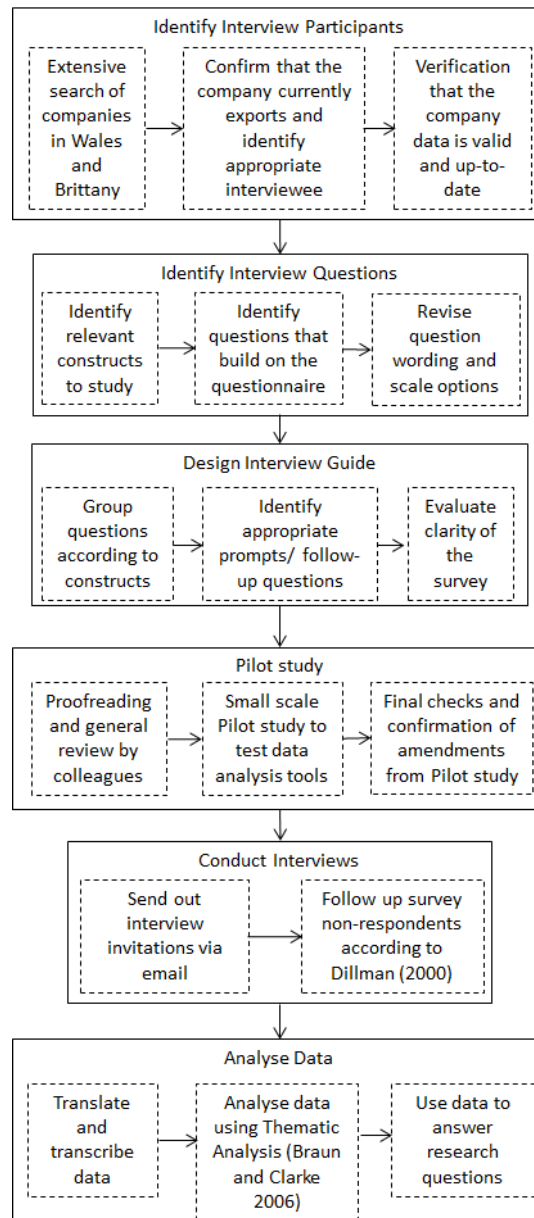
period of the first phase, and focus groups considered too time-consuming and challenging in terms of organisation and logistics. Following the above considerations, the combination of questionnaires and interviews were deemed to be a suitable combination for this study, allowing for reliable data to be collected in an appropriate time frame.

6.2.1 Instrument Design

As with the design of the quantitative phase of this study, a methodical approach was also taken in designing the qualitative phase. The design of this phase (Figure 6.4) was influenced by the research questions of the study, with data obtained from this phase aimed at providing supplementary contextual data to each question, in addition to that collected from the quantitative phase. The first step involved selecting research participants within the relevant research context. Here, respondents were identified from responses provided to the questionnaire in the first research phase, distinguishing between exporters and non-exporters (see section 6.2.3 for the sampling technique). This represents the only way in which the first phase was used to inform the second phase, otherwise data was collected and analysed separately in each phase. The second step involved developing appropriate questions for the interview, which were derived from the same constructs as the quantitative phase, as seen in the conceptual framework (see Figure 4.7). Interview questions focussed more on the experiences of the companies in relation to the issues of the constructs, such as the extent to which companies engage in networks or support. Questions were written and verified for each construct, ensuring that the interview would supplement the data obtained from the questionnaire. An interview guide was developed, including the main question asked for each construct, as well as follow up prompts or questions for issues that had not been covered in the respondents' initial answer (see Appendix E for the interview guide for

exporters and Appendix F for non-exporters). Interview guides were developed in English, French and Welsh, as appropriate for the regions of the study.

Figure 6.4: Qualitative Research Design for this Study



As with the first research phase, a pilot study was conducted to test for the suitability and clarity of questions, as well as addressing issues of the length of the interview. The pilot study is outlined in the following section.

6.2.2 Rigour

The need to establish a rigorous research process is also evident for the qualitative phase. As with any research, questions are raised over the reliability, validity and generalizability of findings in qualitative research. Validity and reliability are criteria used to measure the consistency and accuracy of concepts (Gray, 2013) (see section 6.1.2), however debates exist surrounding the reliability and validity of qualitative research, particularly since the notion of measurement is associated with quantitative research and not something that resonates with qualitative research (Bryman & Bell, 2015). Robson (2002) argues that qualitative data should not undergo the same testing for validity and reliability as quantitative data, however Mason (2002) states that qualitative researchers are accountable for their research and points to the need to achieve rigorous work that is of high quality. She shares the view of Seale (1999, p. 6) who emphasises taking a “much more active and labour-intensive approach towards genuinely self-critical research, so that something of originality and value is created”. Patton (1990) identifies the researcher as being the key to the credibility of the qualitative research process, as they make decisions over the instruments of the data collection and data analysis. This research phase aimed to achieve rigour in all aspects of the research, as seen in Figure 6.4. Patton (1990) stresses the need for the researcher to adopt a methodical approach in reporting the processes of qualitative data collection and analysis in order for the quality of the work to be interpreted. Additionally, he discusses three elements upon which the credibility of qualitative research is dependent, namely the use of rigorous techniques for gathering high-quality data; the credibility of the researcher, based on training, experience and status; and the philosophical belief in the phenomenological paradigm. Table 6.5 presents the approach of this study in meeting the issues of credibility, based on Patton (1990).

Table 6.5: Formulating a Rigorous Process of Qualitative Research

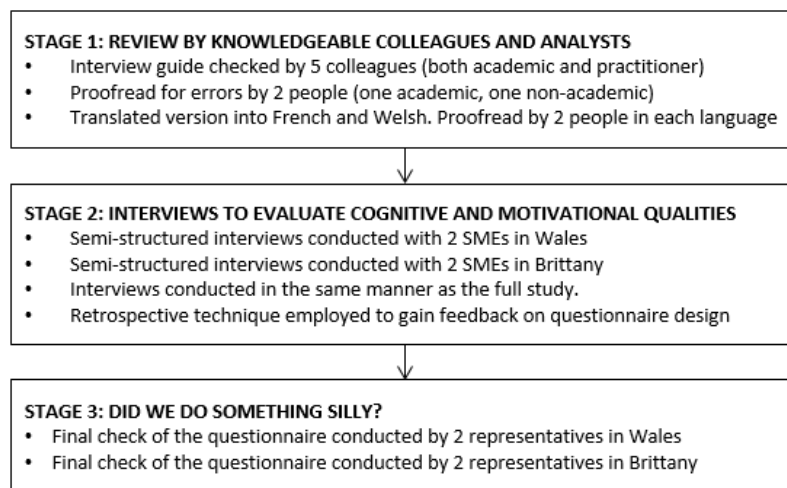
Credibility Issue (Patton, 1990)	This Study
What techniques and methods were used to ensure the integrity, validity, and accuracy of the findings?	A rigorous process of designing the qualitative research phase has been conducted, focussing on employing tried and tested methods in all aspects of this research phase: <ul style="list-style-type: none">• Identifying the participants• Writing the interview questions• Designing the interview guide• Conducting the pilot study• Conducting the full study• Analysing the data.
What does the researcher bring to the study in terms of qualifications, experience and perspective?	<ul style="list-style-type: none">• The researcher has undergone research training designed to improve qualitative research skills.• The researcher has employed qualitative research methods in previously-published academic work (see Bowen & Bennett, 2016).
What paradigm orientation and assumptions undergird the study?	The researcher believes in the pragmatist paradigm, centred on the 'what works' principle (see sections 5.2 and 5.3).

Developed for this study, adapted from Patton (1990)

All stages of the qualitative process presented in Figure 6.4 above have been grounded in relevant theories to ensure that tried and tested processes were used to enable the collection of valid and reliable data. Theory has been applied to the process of identifying participants (based on sampling discussions in Saunders et al. 2015, see section 6.2.3) and in how the interview guide has been designed (Patton, 1990), as well as the types of questions chosen (Bryman, 2015). As with the first research phase, an extensive pilot study was conducted based on the Dillman (2000) method. Designed for questionnaires, the process was adapted for the qualitative phase of this study, applying a 3-step process for this phase (see Figure 6.5), rather than the 4-step process used in the quantitative phase. Here it was considered that a small pilot study, designed to test the interview guide for clarity and relevance was the most important part of this pilot study. The second phase of Dillman's (2000) process involves conducting the questions in the form of an interview, however since this phase uses an

interview as the research instrument, steps 2 and 3 of the piloting process were merged. After initial reviews and proofreading by colleagues, a small pilot of 4 interviews (2 in each region) was conducted. As with the quantitative phase, distinctions were made between exporting and non-exporting companies, enabling comparisons to be drawn. The interview guide included similar questions for each stream. For the exporting companies, the focus was on reasons why the company started exporting and significant factors that facilitate internationalisation, whereas for non-exporting companies, reasons were sought as to why the company doesn't internationalise, as well as seeking potential issues that could initiate the internationalisation process.

Figure 6.5: Pilot Study Process for the Qualitative Phase of this Study



Results of the pilot study showed that the interview was long with too many questions, which stemmed from the structure of the interview guide. This was seen due to the repetition of responses given to different questions. As a result, the interview guide was adapted to ensure that each section began with a more open introductory question, which would allow respondents the opportunity to provide their answer, with the interview guide including relevant prompts designed to elicit the relevant information from the respondents that had not been provided from their initial answer. This change led to adaptations in the wording of

the original questions and follow up questions were changed to prompts that could cover any additional issues, thus creating a more efficient interview process. The use of prompts rather than full questions also reduced the risk of asking leading questions, or giving any indication of particular views through the wording of certain questions. A summary of the pilot study process for this research phase is presented in Table 6.6, based on Dillman's (2000) process. This process was performed to ensure face validity and reliability for this phase.

Table 6.6: Summary of Pilot Study Amendments following the Tailored Design Method

	Dillman (2000)	This Study
STAGE 1: REVIEW BY KNOWLEDGEABLE COLLEAGUES AND ANALYSTS	Have I included all of the necessary questions?	Yes. The questions are designed to build on issues relating to the constructs seen in the conceptual framework.
	Can I eliminate some of the questions?	No. All questions are relevant.
	Did I use categories that will allow me to compare responses to census data or results of other surveys?	Yes. Responses obtained from these questions add to the answers obtained from the phase 1 survey, which can be compared to related studies
	What are the merits of modernizing categories versus keeping categories as they have been used for past studies?	Questions for the interview guide have been influenced by previous studies, but modernisation is necessary since different research fields have been merged here.
STAGE 2: INTERVIEWS TO EVALUATE COGNITIVE AND MOTIVATIONAL QUALITIES	Are all of the words understood?	Yes
	Are all of the questions interpreted similarly by all respondents?	Yes. This was verified for both regions.
	Do all of the questions have an answer that can be marked by every respondent?	Yes. Questions are designed to be open to allow respondents to answer questions. Prompts are included to follow-up.
	Is each respondent likely to read and answer each question?	Yes. As an interview, the interviewer ensures all question subjects are covered.
	Does the mailing package (envelope, cover letter and questionnaire) create a positive impression?	Yes. Invitation emails were sent out to those that had responded to the original questionnaire. Emails contained details of the interview, assurances of anonymity and university approval.
STAGE 3: FINAL CHECKS	Did we do something silly?	Changes were made to the structure of the questions following stage 2. Final checks were made by 2 proof-readers in each region before administering.

The above-outlined pilot study formed part of the researcher's rigorous approach to the qualitative research phase. This was also evident throughout the main phase of qualitative data collection to ensure quality remained high. This was seen in the audio recording of all interviews, which were then transcribed to give an accurate verbatim account of the interview data. This acted to preserve the intended meaning and content of the interviews (Denzin & Lincoln, 2000). The researcher also kept a research diary during the interview phase reflecting on issues discussed during each interview. This was used to cross-reference interview content to ensure consistency. Additionally, it is recognised (e.g. Hair et al. 2007; Patton 1990) that triangulation is a useful method in ensuring reliability and validity. As a mixed methods study, the use of triangulation from both research phases sought to achieve valid and reliable data (see section 5.5.3 for a discussion on triangulation).

6.2.3 Sampling and Implementation

Whereas quantitative sampling methods (see section 6.1.3) focus on the random selection of larger samples, qualitative research is purposeful and based on smaller samples (Patton, 2002). Because of this, there is a need to select a logical sampling technique which fits the focus of the research, based on the research questions of the study and the resources that are available (Saunders *et al.*, 2015). Given the varied nature of qualitative research, there are a wealth of sampling strategies available to researchers (Miles et al., 2014). A significant matter here is the sample size, as there is some ambiguity towards a suitable sample size, particularly in relation to interviews. Data saturation is considered a point at which a significant sample size has been reached, that is when limited or no new information or themes emerge from the data collection method (Saunders *et al.*, 2015). As a guide, this does not specify the number of interviews to be conducted, however, for semi-structured or in-

depth interviews, Saunders et al. (2015) suggest that a minimum sample size of 5-25 is considered necessary. Where comparisons are made between distinct groups, where each group is seen as a separate homogenous population, the suggested sample size is 4-12 for each group.

Following the quantitative research phase, the aim of the qualitative phase is to add a greater depth of knowledge, and particularly to provide the context to the situations facing food and drink SMEs, which is not possible by quantitative methods. With this in mind, the sampling of the qualitative phase is important in obtaining sufficient data from both exporting and non-exporting companies, allowing for a detailed understanding of issues that facilitate internationalisation for companies that export, and the reasons why non-exporters currently do not pursue internationalisation. For the qualitative phase of this study, a maximum variation sampling technique was used. This concerns the selection of a diverse range of cases with the aim of identifying common patterns from the data (Gray, 2013). Since results of the first phase identified different characteristics of food and drink SMEs, the selection of maximum variation for the second phase aimed to ensure that interviews were conducted with companies that were representative of all of the characteristics identified in the previous phase. This technique allows for data to be collected that describes and explains significant themes that have been observed in the data (Saunders *et al.*, 2015). This is important for this study, as the aim is to explain issues that influence SME internationalisation in the food and drink industry, as well as consider the obstacles facing companies that do not currently export. Data obtained from this phase supplemented that obtained from the first phase in order to answer each of the research questions established in Table 4.2.

The use of maximum variation sampling was important in ensuring that respondents in this phase were representative of the different company characteristics that were identified from the first phase. Results from the questionnaire helped to inform the researcher as to which companies would be suitable. As such, interview respondents were identified from questionnaire respondents, firstly based on international activity, identifying exporters and non-exporters. Within each group, respondents were sought to represent companies based on the company age, size and location. For exporters, the percentage of the company business in international markets was also observed. Additionally, a range of geographical locations within each region were sought, notably companies representing the four départements of Brittany and all parts of Wales. A breakdown of all interview respondents is shown in Tables 8.1 and 8.2.

Having identified potential respondents based on their company characteristics, a total of 29 exporters and 27 non-exporters were invited to participate in an interview in Wales, with 16 exporters and 16 non-exporters in Brittany. Participants were contacted by email, with a cover letter explaining the purpose of the interview phase (see Appendix D), and addressing informed consent. Follow-up emails were sent to non-respondents based on the same process as the quantitative phase (Figure 6.3). As with the quantitative phase, this part of the study was also dependent on the goodwill of company representatives agreeing to participate in the study, as all company representatives contacted had the right to refuse participation or withdraw at any time. The issues of gatekeepers for this research phase are similar to that discussed in relation to the quantitative phase (section 6.1.3), particularly for early-career researchers who have difficulty in accessing research participants (Low & Everett, 2014).

Interviews were conducted between June and August 2016. Firstly, the researcher spent two weeks visiting companies in Brittany to conduct interviews with exporting companies. Being located in Wales, conducting the interviews with Welsh companies was less demanding in terms of resources, however the researcher managed to cluster interviews into a maximum of two a day, where certain companies were located in relative close proximity. All interviews with exporting companies were conducted face to face at the company headquarters. This resulted in 8 interviews with exporting companies in Brittany and 7 in Wales. A total of 15 face-to-face interviews were conducted, with the average duration of the interview lasting approximately 48 minutes. Interviews with non-exporters were conducted in July and August following the completion of interviews with exporters. Since the aim of these interviews was to gain an understanding of why such companies were not engaged in international activities, the interviews were shorter in duration, with an average duration of 15 minutes. Given the shorter nature of the interviews, telephone interviews were conducted, with a total of 9 telephone interviews conducted with companies in Brittany and 13 in Wales.

6.2.4 Methods of Analysis

The first stage in the analysis process of interview data, as documented in Figure 6.4 above is the transcription of the recorded interviews. Since interviews were conducted in English, Welsh and French, this process also required the Welsh and French interviews to be translated into English. This process was conducted by the researcher and proofread by native speakers of these languages for quality purposes, ensuring that what was said by interviewees in these languages is correctly reflected in their English translation. Verbatim transcriptions were conducted for the English interviews to ensure that these transcriptions exactly reflected the words of the interview. During the interview process, the researcher kept a

reflective research diary, which provided additional information from the interviews, as well as clarity during the transcription process, where issues emerged with the recording.

The analysis of the interviews was conducted by thematic analysis, following the six-step approach recommended by Braun and Clarke (2006). Thematic analysis is a structured method that aims to identify, analyse and report patterns or themes in data in detail (Braun & Clarke, 2006). It was chosen as the qualitative method of analysis for this phase of the study due to its thorough nature and relative straight-forwardness. Despite the relative ease of use, there are potential pitfalls associated with this method. It is essential that sufficient depth is given to the analysis and that appropriate themes are identified and that such themes are not just based on the interview questions (Braun & Clarke, 2006). With this in mind, the coding phases of the six-step process were based on the thorough coding process established by Miles, Huberman and Saldana's (2014) first and second cycle coding process. The process of thematic analysis conducted in this study is shown in Table 6.7. A full discussion of the analysis of the interview data is presented in chapter 8.

Table 6.7: Thematic analysis process for this study

Step	Braun and Clarke (2006)	This study
1	Familiarising yourself with the data	Transcripts were read and re-read to identify patterns.
2	Generating initial codes	The patterns identified in step 1 were used to create a code list – First cycle coding (Miles et al., 2014).
3	Searching for themes	The code list from step 2 was refined to create themes – Second cycle coding (Miles et al., 2014).
4	Reviewing themes	Transcripts were re-read to ensure the data coded accurately represents the participants' experiences.
5	Defining and naming themes	Transcripts and themes were re-read to establish final themes.
6	Producing the report	Accounting for and writing up the analysis of the themes.

Developed for this study, based on Braun and Clarke (2006)

The analysis process involved collating all interviews into one document for exporters and non-exporters respectively, before reading and re-reading the transcripts to familiarise oneself with the data. The coding process was conducted in Microsoft Word, with the comments feature being used to code highlighted areas of text. These codes were later transferred to Microsoft Excel where they were recorded in tables and checked to ensure no repetition had occurred. Following the development and reviewing of themes, thematic maps were drawn using Microsoft PowerPoint.

6.3 Research Ethics

Ethical issues occur at a variety of stages during social research, as well as through a variety of methods, and are significant matters that can bring into question the integrity of the research (Bryman, 2015). Ethical approval was granted by Aberystwyth University upon submission of a Research Ethics Assessment and Application form. Furthermore, this study was designed to comply with the Economic and Social Research Council Framework for Research Ethics (ESRC, 2015). The framework is comprised of six core principles, notably that research should be voluntary, free of harm to participants, established around informed consent, anonymous, credible and free of conflicts of interest. Table 6.8 presents the measures undertaken in this study to ensure that the ethical considerations of the ESRC framework are sufficiently met.

Table 6.8: Measures taken within this study to meet Ethical considerations

ESRC Research Ethics Framework (2015)	This Study
Research participants should take part voluntarily, with participants' rights respected and appropriately protected.	Participants are invited to take part in the study. A process of following-up non-responses was undertaken but all communications indicated the voluntary nature of the participation. Respondents were free to opt out at any time.
Research should be worthwhile and provide value that outweighs any risk or harm.	Only adults in an appropriate position of responsibility within companies were invited to participate in the study.
Research staff and participants should be given appropriate information about the purpose, methods and intended uses of the research, as well as their contribution to the study and potential risks.	Informed consent was issued to participants in all participation invitations, as well as the beginning of the questionnaire and start of the recorded interviews.
The anonymity of participants and the confidential nature of information and personal data should be respected.	Confirmation of anonymity and confidentiality was issued in all communications, as well as at the start of the questionnaire and recorded interviews.
Research should be designed, reviewed and undertaken to ensure recognised standards of integrity, quality and transparency are assured.	A robust process of designing the research was conducted, as discussed throughout this chapter and chapter 5.
The independence of research should be clear, and any conflicts of interest or partiality should be explicit.	Research was conducted independently at all times and every effort was made to avoid conflicts of interest through designing a robust study.

Designed for this study, built on the ESRC Framework for Research Ethics (ESRC, 2015)

Any research that causes harm to participants is unacceptable (Bryman, 2015). This includes respondents to the questionnaire or interviews, as well as the researcher. Harm is considered in terms of physical harm, harm to participants' development, loss of self-esteem, stress and "inducing objects to perform reprehensible acts" (Diener & Crandall, 1978, p. 19). Robust measures were undertaken designed to overcome issues of harm in this study. This included ensuring all participants were of adult age and were in a position of responsibility within their respective companies. Additionally, all participants were given informed consent of the requirements of the study before participating, as well as a guarantee that all data collected

would remain anonymous. For those taking part in both phases, this was reiterated at each stage. It is evident from discussions of research ethics that, in any study, the researcher has a duty of care to ensure that participants are not affected by the ethical issues discussed above. Unethical research can lead to biased data collection and analysis, and vice versa (Denscombe, 2002). As a mixed methods study, greater caution was required to ensure that all ethical issues were identified and dealt with at all stages of the study. The rigorous processes undertaken in this study aimed to ensure that ethical issues were fully addressed.

As the quantitative phase included the use of online questionnaires, and also due to the use of email as a means of communication across both phases, particular consideration was also be given to specific internet ethical issues. As research conducted using the internet increases, so too does the debate on the specific ethical issues associated with this method of data collection (Gray, 2013). As the internet was used solely as an incubator for the questionnaire, the online ethical issues were less demanding than those of other online platforms. An online questionnaire software (Bristol Online Survey) was employed for the administration of the survey, which ensures that respondents are only able to see the results that they have submitted, and that all information gathered from the questionnaires is stored in one location that is accessible only by the survey administrator, in this case, the researcher. This serves to limit the potential harm, invasion of privacy and deception that could be raised by administering the questionnaire in a less secure environment. As respondents were informed of the nature of the questionnaire and were given the option to opt-out, it is considered that respondents who completed and submitted the survey provided informed consent for their data. This was expressed to participants before they began their participation.

The international nature of the study also warrants closer ethical consideration as participants were sought in two different countries (Williams, 2015). Thus, the study adheres to the relevant legal and ethical laws of each country, particularly in relation to privacy. As two countries that are members of the European Union, both countries abide by the same international human rights laws. In this case, cultural issues demand closer observation, particularly the need for each phase of the study to be offered in all languages of the territories studied, in this case English, Welsh and French.

6.4 Reflexivity

A significant element of the research process that has been documented above and in the previous chapter is reflexivity, “the process of reflecting critically on the self as researcher, ‘the human instrument’” (Lincoln *et al.*, 2011, p. 115). In social research, reflection relates to implications of methods, values, biases, decisions and the researcher’s presence within the research situation (Bryman, 2015). Reflexivity is a means for considering not only how one engages with those involved in the research process, but also with the self and the multiple identities of the self that come into play in the research setting (Lincoln *et al.*, 2011).

Viewing doctoral studies as a formation period to a career in social research, the researcher engaged in reflection at all stages within the process of this study. A reflective diary was kept during the qualitative data collection phase as a means of enhancing the richness of data collected, but reflective thought consistently influenced the decision-making processes. This is a natural state for anyone engrossed in such an activity, as the various elements involved in designing social research draw a multitude of questions for any researcher as to the suitability of methods, the potential for bias to constrain the study or for errors of judgement to occur. Given the researcher’s ontological position that research is a complex process in

which multiple realities exist, the use of reflective practice represents a means to bring order. The researcher's quest for practical research based on 'what works' for the study (Creswell & Plano Clark, 2011), also lends itself to reflexivity, as regular evaluation is necessary to ensure that the research is designed to work for the nature of the research.

Within this study, systematic attempts were made to provide justifications for all methodological decisions, as discussed above and the previous chapter. Chapter 5 outlined the rationale for the mixed methods study, specifically influenced by the pragmatist worldview of the researcher, calls from previous studies for pluralism in further research into SME internationalisation (Sterns & Peterson, 2001; Ibeh *et al.*, 2006; see Fillis, 2008; Testa, 2011; Ismail & Kuivalainen, 2015), and the suitability of the methods due to the comparative and international elements of the research. Despite this, the researcher sees great value in capitalising on this formative period to enhance the all-round research skills with the aim of augmenting future research. Aware of the diversity of research that exists at the present time, the researcher is adamant to not be labelled as a particular type of researcher and has already engaged in less conventional research methods, such as an arts-based action learning approach (Bowen & Bennett, 2016). With many complex elements to modern-day research, the need to consider the most appropriate method is important in the research design, rather than following the same methods used in previous studies.

Reflective practice was particularly evident in the face of challenges that emerged during the study. Issues with gatekeepers have been outlined above in relation to both quantitative (see section 6.1.3) and qualitative research (section 6.2.3) as a challenge of obtaining data from participants. Indeed, the challenges of engaging with industry have been discussed by Low and Everett (2014), pointing to the impact of social control on the design of research, which

is due to a diminishing value placed on educational collaboration by industrial actors (Lashley, 2011). Adding to the challenges of this study is the international nature of the research process, particularly the need for effective cross-cultural management and accuracy in translations (Williams, 2015). Such challenges evident in doctoral research explain the emotional labour involved in the process, that is “the effort a person invests in expressing or coping with his or her emotions so as to achieve objectives pertaining to his or her work” (Nutov & Hazzan, 2011, p. 20). This would imply that reflective practice is a vital tool in attempting to avoid bias.

6.5 Conclusion

Following the outline of the mixed methods design of this study in chapter 5, this chapter presented a detailed description of the instrument design for each phase of the study, highlighting the different steps and contributions of the quantitative and qualitative phases of research. Within this, discussions centred on the measures taken to obtain reliable and valid data, through focussing on the rigorous techniques employed in the instrument design, sampling and analysis of each phase of the study. Additionally, relevant research ethics were considered in relation to this study, as well as the researcher’s reflexivity. The following chapters document the main analysis conducted within this study.

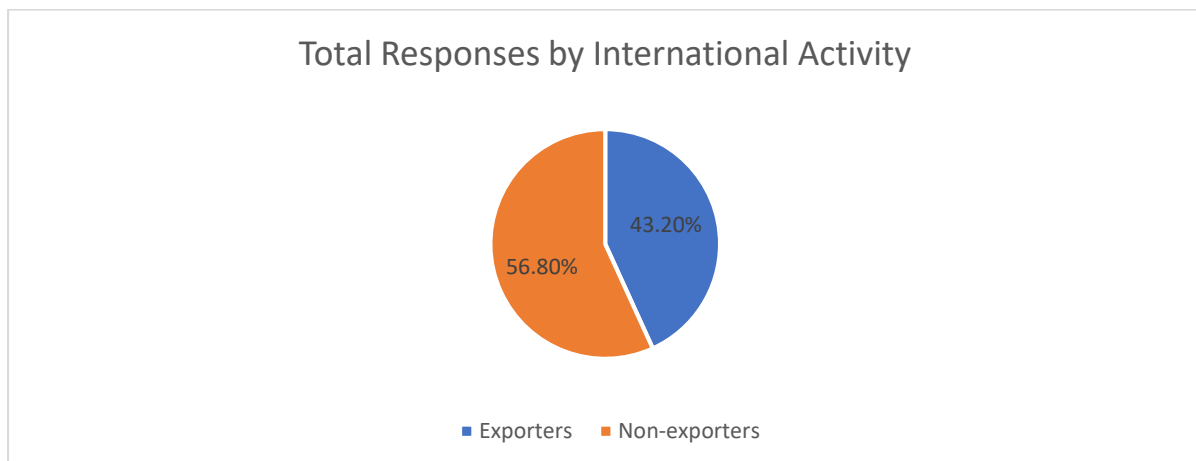
Chapter 7: Quantitative Results

Having documented the research design for this study in the previous two chapters, this chapter presents the results for the quantitative phase of the mixed methods process. The results of this phase were obtained from an online questionnaire sent by email to food and drink producers in Wales and Brittany on the database of SMEs established in section 5.6. Initial results focus on response rates and respondent profiles, particularly in relation to company characteristics, such as company age, size and location. Secondly, the validity and reliability of the results obtained is investigated, before an overview of the descriptive statistics for each construct (as presented in the conceptual framework in Figure 4.7) are documented, along with T-tests distinguishing between exporters and non-exporters and a correlation analysis of the variables and internationalisation. Finally, a logistic regression analysis is conducted to consider the relationships that exist between the different independent variables of the study and the dependent variable of internationalisation.

7.1 Survey Responses

A total of 169 usable responses were collected from the 810 companies that were contacted to participate in the study, equating to a total response rate of 20.86%, a sum which is considered relatively good for online questionnaires. Of the 169 companies that responded to the questionnaire, 73 were currently involved in international activities, equating to 43.2% of respondents, compared to 56.8% not involved in internationalisation (see Figure 7.1). This represents a relatively high rate of exporting companies, especially considering that both regions are relatively small and predominantly rural regions, this would suggest internationalisation among food and drink SMEs is relatively successful.

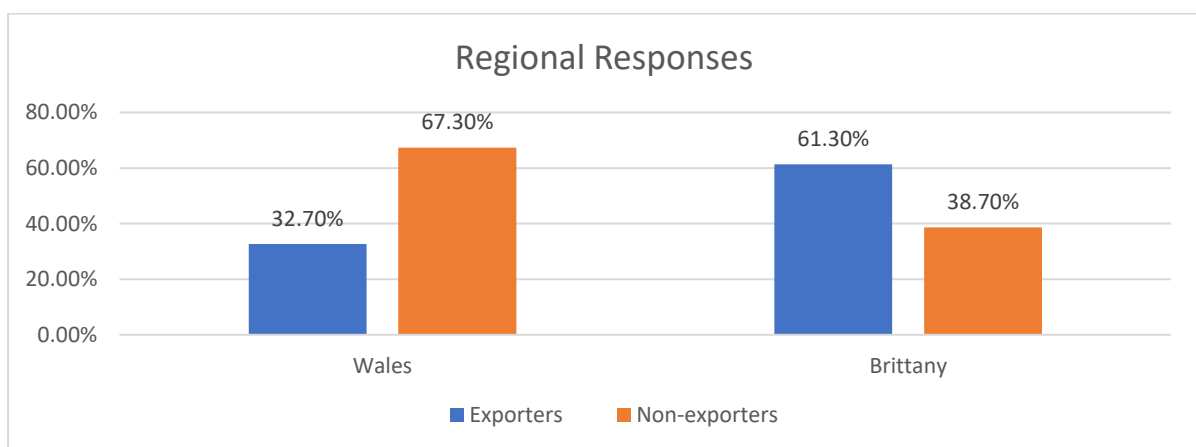
Figure 7.1: Total Responses by International Activity



7.1.1 Responses by Region

Figure 7.2 below documents the number of responses obtained from the questionnaire, differentiating between exporters and non-exporters in each region. Distinct differences are observed between each region, with approximately two-thirds (67.3%) of the responding companies not engaged in internationalisation in Wales, with 32.7% of respondents selling their products in international markets. Results from Brittany differ to those from Wales with 61.3% of respondents engaged in international activities, compared to 38.7% not currently selling their products in international markets.

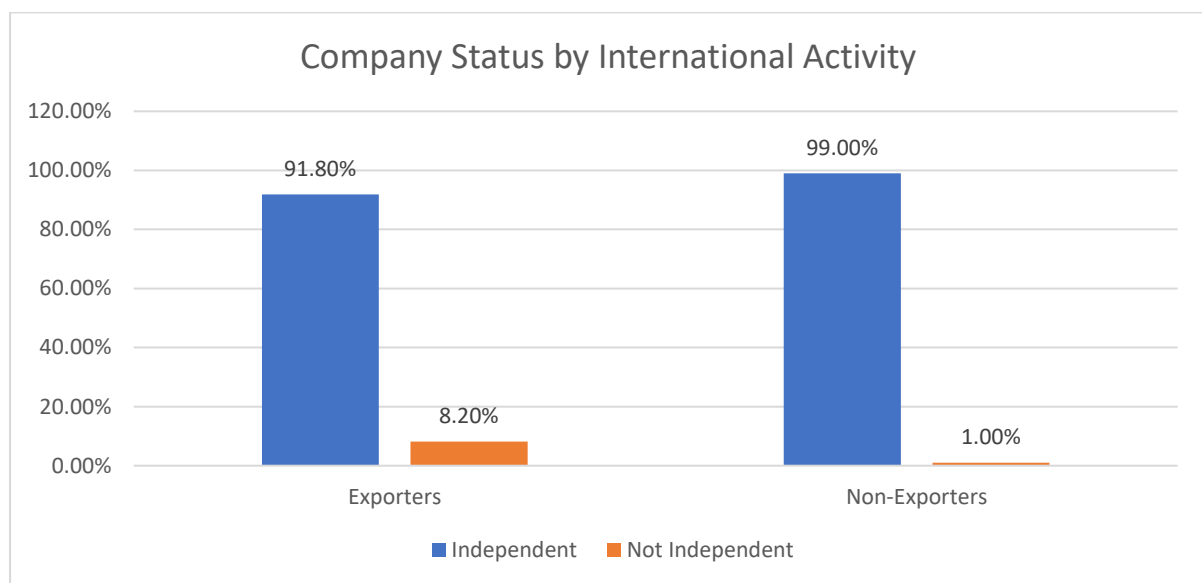
Figure 7.2: Questionnaire responses by Region



7.1.2 Independent Companies

It is clear from Figure 7.3 that the vast majority of companies are independent. For non-exporters, 99% of companies were independent, however, 91.8% of exporters were independent companies. The higher rate of non-independent companies among exporters would imply that such companies could benefit from the resources of their parent company to facilitate internationalisation.

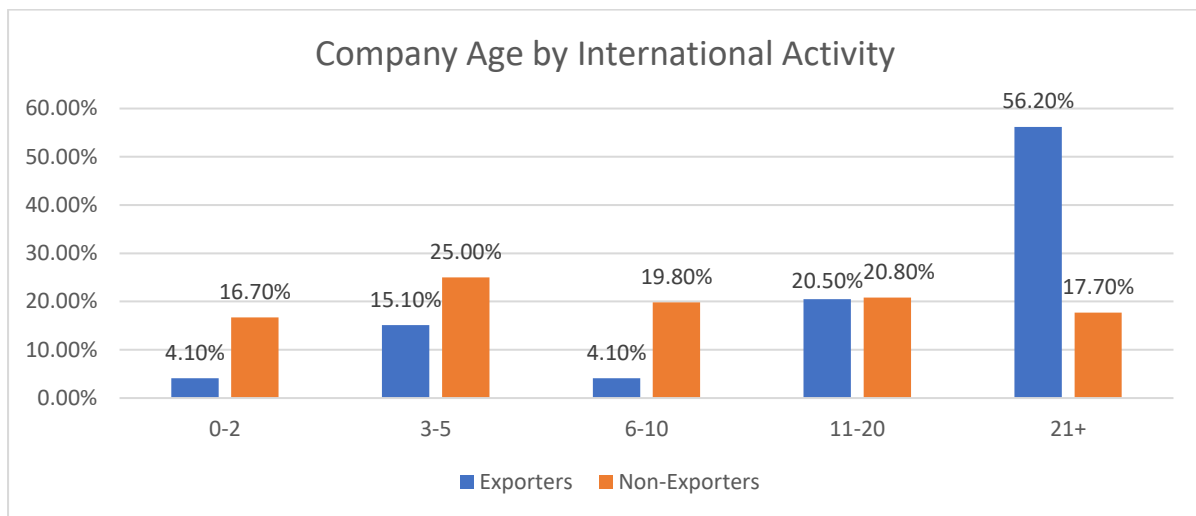
Figure 7.3: Company Status by International Activity



7.1.3 Company Age

Figure 7.4 presents the differences in company age between exporters and non-exporters. There is relative consistency across all age groups for non-exporting companies, whereas for exporters, the majority of companies are aged 21 years or more (56.2%), which would imply that experience is important for a company to internationalise. However, with 4.1% of exporting companies aged less than 2 years, it is evident that internationalisation can occur from the company's inception.

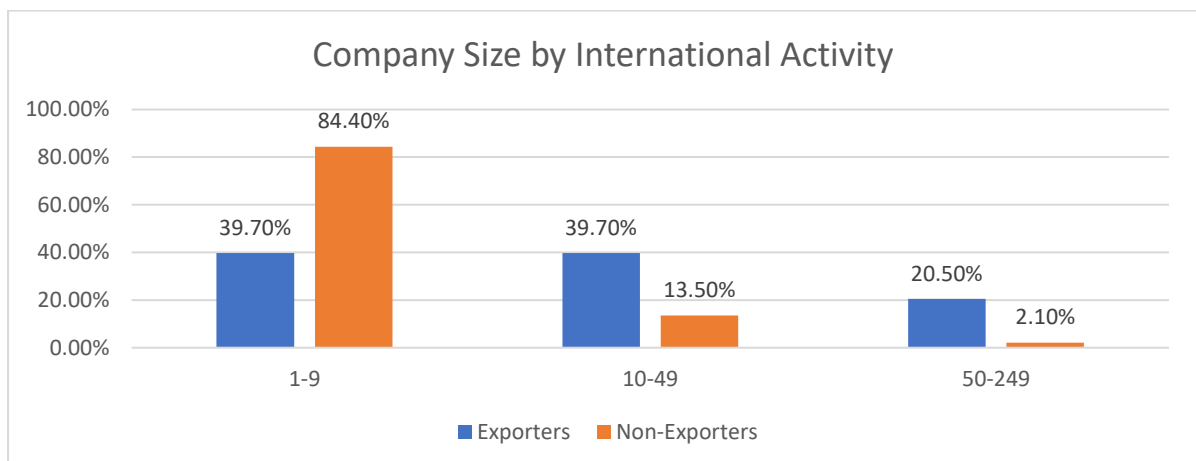
Figure 7.4: Company Age by International Activity



7.1.4 Company Size

Comparing company size by international activity (see Figure 7.5), it is clear that the majority of non-exporters are microenterprises (84.4%) and very few medium-sized companies are non-exporters (2.1%). However, microenterprises (39.7%) jointly represent the largest group of exporters, along with small enterprises (39.7%), with 20.5% of exporters being medium-sized enterprises. These results suggest that companies of all sizes have the potential to internationalise, but the likelihood of the company internationalising is greater for larger companies.

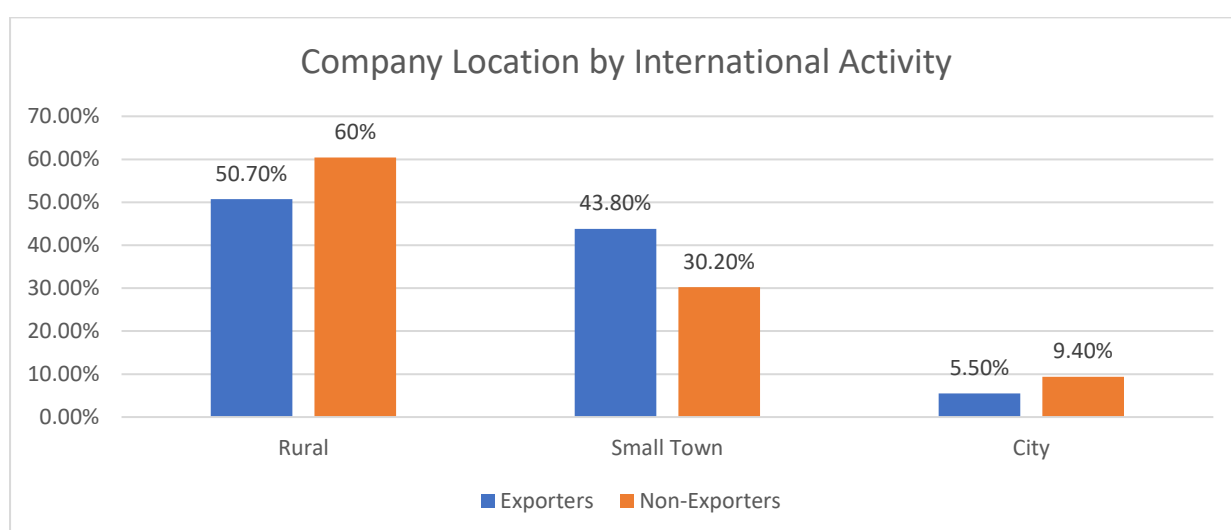
Figure 7.5: Company Size by International Activity



7.1.5 Company Location

Similarities were observed in company location (see Figure 7.6), as the majority of both exporters (50.7%) and non-exporters (60%) are located in rural areas, with few companies in either category located in cities (5.5% for exporters and 9.4% for non-exporters). This highlights that the majority of food companies are located in rural areas, leading to suggestions that all companies face challenges in accessing resources.

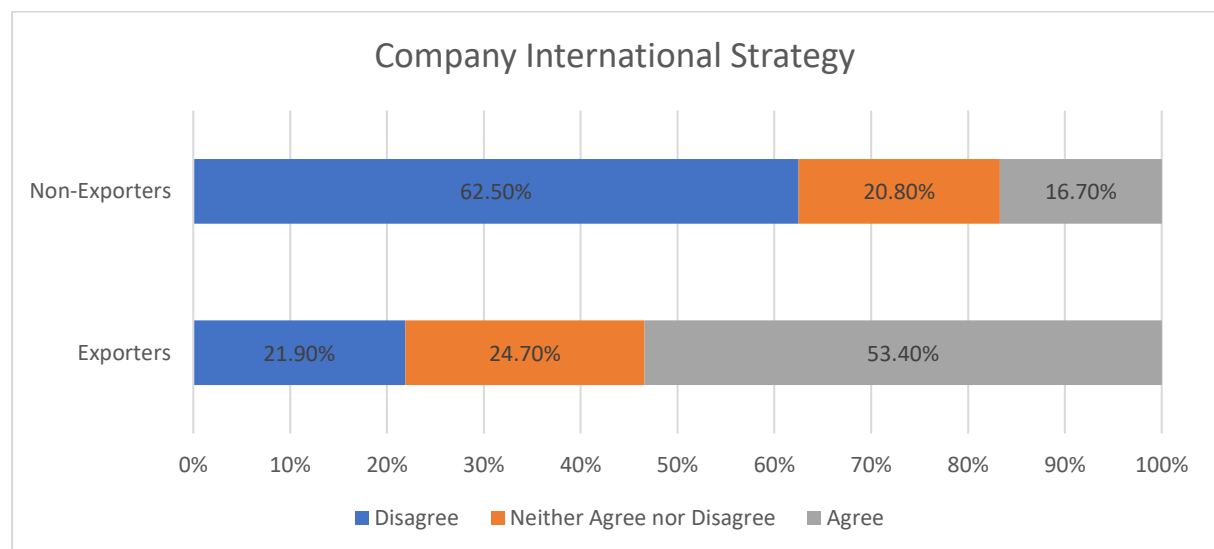
Figure 7.6: Company Location by International Activity



7.1.6 International Strategy

Finally, it was observed that exporters were more likely to have an international strategy than non-exporters. Figure 7.7 shows that the majority of exporters agreed with the statement that the company possessed an international strategy (53.4% agreed). Despite this, some disagreement was observed (21.9%). For non-exporters, most respondents disagreed with the statement (62.5% disagreed), however 16.7% agreed. Results imply that internationalisation can be proactive or reactive, but it is also evident that having an international strategy doesn't naturally equate to successful internationalisation.

Figure 7.7: Stacked Bar Chart of Company International Strategy



7.2 Validity and Reliability

Given that scales were established specifically for this study, aiming to identify critical factors for the internationalisation of SMEs in the food and drink industry (as presented in the conceptual framework in Figure 4.7), it is necessary to first test the validity and reliability of the scales. This is necessary despite the majority of variables being derived from previous studies into SME internationalisation. However, since this study focusses on the food and drink industry, incorporating elements of place and location, the scales developed for this study have not previously been tested. Exploratory factor analysis is used to test the validity of the scales, following the principal components analysis (PCA). Before conducting the exploratory factor analysis, it is necessary to assess the suitability of the data for this technique. Pallant (2016) firstly states that a minimum sample size of 150 is necessary. With a total sample size of 169, this study is considered suitable for this technique. Further criteria outlined by Tabachnick and Fidell (2007) are strong correlations between items (a minimum of 0.3), significance in Bartlett's test of sphericity ($p < 0.05$) and a Kaiser-Meyer-Olkin (KMO) value above 0.6. Reliability is tested through analysing Cronbach's alpha values, where values

above 0.7 are considered acceptable, although above 0.8 is preferable. Additionally, item-total correlations of the different variables are considered, with values above 0.3 considered suitable (Pallant, 2016). Hereafter, this section presents the validity and reliability investigation for each construct.

7.2.1 Resources

This construct contains seven variables, influenced by variables used in previous studies, but since the validity of the construct had not previously been tested, it was necessary to do so. Firstly, the suitability of conducting a factor analysis was confirmed. The correlation matrix identified significant correlations between the items, with all values greater than 0.3 except for one value at 0.216. However, with a KMO value of 0.823 (greater than the recommended 0.6) and a significant Bartlett's test of sphericity ($p=0.000 < 0.05$), the criteria was met. Findings of the PCA identified two components with eigenvalues greater than 1, accounting for 59.8% and 18.0% of the variance respectively, equating to a cumulative variance of 77.8% for the two components. Further analysis was conducted through a Varimax rotation, which identified strong factor loadings for each component. The results of the exploratory factor analysis for this construct are presented in Table 7.1 below.

Table 7.1: Results of the Exploratory Factor Analysis for the Resources Construct

Variable	Factor Loadings		
	Component 1	Component 2	Communalities
for_lang		0.897	0.812
for_mark_know	0.451	0.762	0.785
staff_int_exp	0.313	0.840	0.803
fin_res	0.812	0.302	0.751
tech	0.863		0.747
bus_net	0.743	0.392	0.706
unique_res	0.762	0.345	0.699
Eigenvalue	3.586	1.082	
Variance Explained	59.766%	18.030%	Total = 77.796%

In the above table and for all subsequent tables presenting validity results, items loading less than 0.3 are omitted. The results shown in the table above support a two-factor solution, with factors loaded between each component, however, given an illogical division of items between the different components, it is apparent that there is no theoretical justification for this divide. Consequently, a confirmatory factor analysis was conducted to seek a more comprehensive analysis of the results. The aim of this was to extract only one factor and the results (see Table 7.2) showed strong factor loadings for all 7 items onto a single component.

Table 7.2: Results of the Confirmatory Factor Analysis for the Resources Construct

Variable	Factor Loadings	Communalities
for_lang	0.661	0.437
for_mark_know	0.842	0.709
staff_int_exp	0.789	0.623
fin_res	0.809	0.655
tech	0.676	0.457
bus_net	0.817	0.667
unique_res	0.799	0.639
Eigenvalue	3.586	
Variance Explained	59.766%	

With factor loadings significantly greater than 0.3 above, it is concluded that the seven items can acceptably be loaded onto one factor. As a consequence, this led to an explanation of variance of 59.766% compared to 77.796% for the two-factor solution. Pallant (2016) states that ultimately the researcher retains discretion over the number of factors that describe the relationship of the variables. Based on the above results, there is a theoretical logic in retaining the seven items for this construct, confirming validity of the scale. Having established validity, the reliability of the scale was assessed using a Cronbach's alpha, aimed at measuring internal consistency. The results are presented in Table 7.3 below.

Table 7.3: Results of the reliability assessment of the Resources Construct

Variable	Item-Total Correlation	Cronbach's Alpha Coefficient
for_lang	0.561	0.885
for_mark_know	0.777	
staff_int_exp	0.710	
fin_res	0.713	
tech	0.557	
bus_net	0.722	
unique_res	0.705	

The results from the above table show item-total correlations that exceed the 0.3 minimum value, highlighting relatively strong correlations. With a Cronbach's alpha coefficient of 0.885 surpassing the minimum criteria of 0.7, the reliability of the scale can be assumed without the need to remove any items. The results of both the validity and reliability investigations thus support the use of the seven items for the Resources construct.

7.2.2 Product

The three items of the Product construct were accorded the same validity and reliability investigations as the Resources construct. The suitability of the construct for exploratory factor analysis was confirmed through a KMO value of 0.601, just meeting the 0.6 threshold, as well as the significance of Bartlett's test of sphericity, as $0.000 < 0.05$. The correlation between items could be questioned for the *competitive_prod* variable with values of 0.212 and 0.241, leading the researcher to monitor the scale closely but the item was retained. The Principal Components Analysis identified one component with an eigenvalue greater than 1, explaining 50.482% of the variance. A Varimax rotation identified strong factor loadings for each item, as shown in Table 7.4 below.

Table 7.4: Results of the Exploratory Factor Analysis for the Product Construct

Variable	Factor Loading	Communalities
innovative_prod	0.727	0.529
adaptable_prod	0.750	0.562
competitive_prod	0.651	0.423
Eigenvalue	1.514	
Variance Explained	50.482%	

Given the strong factor loadings in the above results, the researcher retains the three items of the scale in order to test for reliability, which is presented in Table 7.5 below.

Table 7.5: Results of the reliability assessment of the Product Construct

Variable	Item-Total Correlation	Cronbach's Alpha Coefficient	Cronbach's Alpha if Item Deleted
innovative_prod	0.338	0.509	0.386
adaptable_prod	0.360		0.346
competitive_prod	0.279		0.479

As a small scale of only 3 items, the results above are relatively close to or below the required thresholds. The item-total correlation for *competitive_prod* is below the 0.3 value required and the Cronbach's alpha coefficient is also low at 0.509. These results could be explained by the low number of items, as Hair et al. (2010) recognise that increasing the number of items leads to an increase in the reliability value. That is also explained by the 'Cronbach's Alpha if Item Deleted' column, in which all of the coefficients decrease when an item is removed. The results of this investigation question the reliability of the scale, however removing an item (such as *competitive_prod*, whose suitability was questioned in the validity test above) would not lead to a more positive outcome. In this case the values in table 7.5 above are close to the minimum threshold and Hair et al. (2010) recognise that a Cronbach's alpha coefficient can decrease to around 0.6 in some exploratory studies. Given the mixed methods study, the researcher could rely on the second phase of data collection and analysis to offset the limited

reliability of this scale, as identified above. Therefore, the three items are retained for this scale.

7.2.3 Product Country-of-Origin (COO)

The suitability for conducting an exploratory factor analysis for the three-item Product COO construct was established given that the inter-item correlations were significant, as the values ranged from 0.448 to 0.713, all above the 0.3 threshold. Additionally, a KMO value of 0.628 was greater than the 0.6 value recommended, and Bartlett's test of sphericity was significant, as $p=0.00 < 0.05$. Results of the PCA identified one component with an eigenvalue greater than 1, explaining 73.877% of the variance. The Varimax rotation identified strong factor loadings for each item, as shown in Table 7.6 below.

Table 7.6: Results of Validity and Reliability for the Product COO Construct

Variable	Factor Loading	Communalities	Item-Total Correlation	Cronbach's Alpha Coefficient
cult_identity_prod	0.807	0.652	0.586	0.815
prod_coo_brand	0.927	0.859	0.805	
prod_icon	0.840	0.706	0.647	
Eigenvalue	2.216			
Variance Explained	73.877%			

The significant factor loadings evident in the above table confirm the three-item scale, leading to the testing of the reliability, the results of which are also presented in Table 7.6 above. Despite the small number of items on the scale, reliability is assumed since the Cronbach's alpha coefficient of 0.815 is above the 0.7 threshold and item-total correlations ranging from 0.586 to 0.805 are significantly above the 0.3 minimum recommended value. Thus, the results of the validity and reliability tests support the use of the three-item scale for Product COO.

7.2.4 Environment Influencers

Initial suitability of the Environment Influencers construct was assured, firstly as the inter-item correlations were mostly above 0.3, with the variable *unsol_int_order* showing two values below the recommended value at 0.178 and 0.215, bringing this variable to the attention of the researcher for further monitoring. With a KMO of 0.696 (above 0.6) and significance in Bartlett's test of sphericity ($p=0.000 < 0.05$), these criteria were met. One component with an eigenvalue above 1 was obtained through the PCA, explaining 48.394% of the variance. Strong factor loadings were obtained through the Varimax rotation, as shown in Table 7.7 below.

Table 7.7: Validity and Reliability Results for the Environment Influencers Construct

Variable	Factor Loading	Communalities	Item-Total Correlation	Cronbach's Alpha Coefficient
dom_demand_short	0.597	0.357	0.399	0.726
unsol_int_order	0.570	0.324	0.366	
aware_growth_opps	0.823	0.677	0.634	
int_support	0.811	0.657	0.614	
broadband_acc	0.636	0.404	0.432	
Eigenvalue	2.420			
Variance Explained	48.394%			

The factor loadings in the above table are all above the recommended 0.3 value. This is also true for the *unsol_int_order* variable, which had been of concern following the inter-item correlations when testing the suitability. As Pallant (2016) states that the inclusion of items is done at the discretion of the researcher, the results of the factor loadings suggest that all 5 items can be retained for the scale, therefore the reliability of the scale can be tested. Given the item-total correlations above 0.3 and the Cronbach's alpha of 0.726, as shown in the above table, reliability of the scale is assured. Following the results of validity above, the 5-item scale is confirmed for Environment Influencers.

7.2.5 Environment Obstacles

Fourteen items make up the Environment Obstacles construct. Suitability to perform an exploratory factor analysis was confirmed given the KMO value of 0.852 (>0.6) and a Bartlett's test of sphericity showing significance with $p=0.000 < 0.05$. Looking at the inter-item correlations, the vast majority are above the minimum recommended value of 0.3, however some values were observed below this. The PCA identified 3 components with eigenvalues greater than 1, explaining 38.001%, 13.283% and 8.748% of the variance leading to a cumulative variance explained of 60.032%. These results are highlighted in Table 7.8 below, along with the factor loadings following a Varimax rotation.

Table 7.8: Exploratory Factor Analysis Results for the Environment Obstacles Construct

Variable	Factor Loadings			
	Component 1	Component 2	Component 3	Communalities
fin_res_comp	0.614	0.313		0.476
foreign_mark_info	0.766			0.607
log_diff	0.661			0.524
comp_personnel	0.697			0.615
comp_time	0.674	0.366		0.590
comp_innov		0.647		0.475
legal_diff	0.800			0.669
int_incentive	0.676			0.528
int_comp			0.788	0.676
pol_diff			0.769	0.684
cult_diff			0.826	0.729
too_big_risk		0.611	0.401	0.583
production_cap	0.322	0.709		0.607
prod_demand		0.757		0.639
Eigenvalue	5.320	1.860	1.225	
Variance Explained	38.001%	13.283%	8.748%	Total = 60.032%

The above table highlights the loadings of variables onto the 3 components, with more than 3 items evident for each component. Since these loadings do not represent a logical division of items, a confirmatory factor analysis was consequently conducted to investigate whether

each of the 14 items could be loaded onto one single component. Table 7.9 below presents the factor loadings from the confirmatory factor analysis.

Table 7.9: Validity and Reliability Results for the Environment Obstacles Construct

Variable	Factor Loadings	Communalities	Item-Total Correlation	Cronbach's Alpha Coefficient
fin_res_comp	0.624	0.390	0.537	0.871
foreign_mark_info	0.652	0.425	0.563	
log_diff	0.652	0.425	0.566	
comp_personnel	0.755	0.570	0.676	
comp_time	0.660	0.436	0.571	
comp_innov	0.471	0.221	0.407	
legal_diff	0.681	0.464	0.590	
int_incentive	0.571	0.326	0.477	
int_comp	0.512	0.262	0.438	
pol_diff	0.579	0.335	0.512	
cult_diff	0.550	0.303	0.469	
too_big_risk	0.657	0.431	0.590	
production_cap	0.613	0.375	0.535	
prod_demand	0.598	0.357	0.526	
Eigenvalue	5.320			
Variance Explained	38.001%			

It is evident from the above table that the fourteen items of the Environment Obstacles construct can be loaded onto one single component, since all of the factor loadings are significantly above the 0.3 recommended value. As a consequence, the cumulative variance explained has reduced from 60.032% to 38.001%, however, all fourteen items can be retained for this construct, thus confirming the validity of the construct. As with previous constructs, reliability was investigated through comparing the item-total correlations among items of the construct and measuring the Cronbach's alpha coefficient. The results of which are also shown in Table 7.9 above. Results highlight a Cronbach's alpha coefficient of 0.871, above the recommended 0.7 value, as well as item-total correlations that are above the 0.3 value. Thus, the reliability of the construct is assured, confirming the fourteen-item construct for Environment Obstacles.

7.2.6 Network

As with all other constructs, the criteria established by Pallant (2016) was followed to test for the suitability of conducting an exploratory factor analysis for the three-item Network construct. With inter-item correlation coefficients above 0.3, a KMO value of 0.681 (>0.6) and a Bartlett's test of sphericity significance value of $p=0.000 < 0.05$, all of the criteria was met, leading to an exploratory factor analysis. The results showed one component with an eigenvalue greater than 1, explaining 73.618% of the variance. Table 7.10 below presents these results, as well as the factor loadings for the items of this construct.

Table 7.10: Results of the Exploratory Factor Analysis for the Network Construct

Variable	Factor Loading	Communalities	Item-Total Correlation	Cronbach's Alpha Coefficient
bus_coop	0.904	0.817	0.754	0.819
r&d_coop	0.849	0.721	0.654	
expat_contact	0.819	0.671	0.616	
Eigenvalue	2.209			
Variance Explained	73.618%			

Results show factor loadings significantly above the 0.3 value recommended, thus confirming the validity of the three-item construct. Consequently, the reliability of the construct was tested using inter-item correlations and a Cronbach's alpha coefficient. With inter-item correlations significantly above the 0.3 value and a Cronbach's alpha coefficient of 0.819 (>0.7), the reliability of the construct is assured. As a result, the three items are retained for the Network construct.

7.2.7 Support

The support construct, comprising seven items, was tested for the suitability of using exploratory factor analysis. Inter-item correlations were mostly over the 0.3 threshold, with the variables *local_uni* and *chamber_com* showing two values each below the 0.3 threshold.

With a KMO value of 0.805 (>0.6) and a significance level of $p=0.000 < 0.5$ from Bartlett's test of sphericity, the required criteria is met. The results of the exploratory factor analysis, as shown in Table 7.11 below, identified 2 eigenvalues greater than 1, explaining 50.856% and 18.138% of the variance respectively, equating to a total explained variance of 68.994%. Following a Varimax rotation, 5 factors loaded onto the first component, with 2 factors loaded onto the second component, the majority of which showed strong loadings.

Table 7.11: Results of the Exploratory Factor Analysis for the Support Construct

Variable	Factor Loadings		
	Component 1	Component 2	Communalities
distrib		0.882	0.795
overs_mark_agent		0.888	0.804
gov	0.636	0.470	0.626
local_uni	0.841		0.715
exp_consultant	0.617	0.507	0.638
banks	0.702	0.318	0.594
chamber_com	0.811		0.658
Eigenvalue	3.560	1.270	
Variance Explained	50.856%	18.138%	Total = 68.994%

Given the illogical division of items between components, a confirmatory factor analysis was conducted to provide a more meaningful interpretation of the results, the results of which are shown in Table 7.12 below.

Table 7.12: Validity and Reliability Results for the Support Construct

Variable	Factor Loadings	Communalities	Item-Total Correlation	Cronbach's Alpha Coefficient
distrib	0.651	0.423	0.525	0.836
overs_mark_agent	0.647	0.419	0.526	
gov	0.791	0.625	0.681	
local_uni	0.713	0.508	0.586	
exp_consultant	0.799	0.638	0.685	
banks	0.747	0.559	0.624	
chamber_com	0.623	0.388	0.484	
Eigenvalue	3.560			
Variance Explained	50.856%			

The above table shows strong factor loadings of all items onto one factor through the confirmatory factor analysis, although as a consequence the level of variance explained decreases to 50.856% (from the previous level of 68.994%). Thus, the results support the single-factor solution. Subsequently, a test of reliability was conducted, measuring the item-total correlations and a Cronbach's alpha coefficient, also shown in Table 7.12. Reliability of the scale is confirmed from the results in the above table, as the item-total correlations are significantly greater than the 0.3 threshold and the Cronbach's alpha coefficient of 0.836 is greater than the recommended 0.7 value. The results of the above investigations into validity and reliability support the use of all seven items for the Support construct.

7.2.8 Support Aspects

Based on the same criteria as previous constructs, the suitability of the six-item Support Aspects construct for exploratory factor analysis was confirmed as inter-item correlations showed strong significance with all values clearly greater than 0.3. Additionally, a KMO value of 0.917 (>0.6) and a significance level of $p=0.000 < 0.05$ obtained from Bartlett's test of sphericity supported the suitability of the exploratory factor analysis. This resulted in a single component with an eigenvalue greater than 1, explaining a variance of 76.593%, as shown in Table 7.13 below.

Table 7.13: Validity and Reliability Results for the Support Aspects Construct

Variable	Factor Loading	Communalities	Item-Total Correlation	Cronbach's Alpha Coefficient
support_mark_info	0.883	0.780	0.826	0.938
support_trade_fair	0.888	0.788	0.832	
support_financial	0.887	0.787	0.832	
support_training	0.872	0.760	0.814	
support_r&d	0.808	0.653	0.733	
support_network	0.909	0.827	0.862	
Eigenvalue	4.596			
Variance Explained	76.593%			

The above table shows strong factor loadings for each item, with loadings significantly greater than 0.3, implying validity for the six items of the Support Aspects construct. Subsequently, the reliability of the scale was confirmed given significantly strong item-total correlations above 0.3 and a strong Cronbach's alpha coefficient of 0.938 (>0.7). Having confirmed the validity and reliability of the scale, the six items are retained for the Support Aspects construct.

7.2.9 Owner-Manager Experience

The seven items of the Owner-Manager Experience construct were confirmed as being suitable for exploratory factor analysis as it met the criteria of having inter-item correlations above 0.3, a KMO value above 0.6 (0.766) and a Bartlett's test of sphericity significance value of $p=0.000 < 0.05$. Results of the exploratory factor analysis, as shown in Table 7.14 below, identified 2 eigenvalues greater than 1, explaining 44.173% and 18.055% of variance respectively, equating to a cumulative variance of 62.227%. Following a Varimax rotation, strong factor loadings were shown for variables, with four loading onto the first component and three onto the second.

Table 7.14: Exploratory Factor Analysis Results for Owner-Manager Experience construct

Variable	Factor Loadings		
	Component 1	Component 2	Communalities
dir_bus_qual		0.603	0.398
dir_live_abroad	0.894		0.805
dir_study_abroad	0.729		0.601
dir_work_abroad	0.815		0.690
dir_bus_travel_abroad		0.848	0.728
dir_work_for_comp	0.706		0.528
dir_work_int_partner		0.760	0.606
Eigenvalue	3.092	1.264	
Variance Explained	44.173%	18.055%	Total = 62.227%

As with previous constructs, a confirmatory factor analysis was conducted to investigate results further, since the results above show no logical division of items. Results, as shown in Table 7.15 below, show that all 7 items loaded onto one single factor, supporting the appropriateness of the single-factor solution. The table also shows that reliability was confirmed for the scale through item-total correlations above 0.3 and a Cronbach's alpha coefficient of 0.779 (>0.7). The results of the validity and reliability investigations above support the use of the seven-item scale in further analysis.

Table 7.15: Validity and Reliability results for the Owner-Manager Experience Construct

Variable	Factor Loadings	Communalities	Item-Total Correlation	Cronbach's Alpha Coefficient
dir_bus_qual	0.480	0.230	0.359	0.779
dir_live_abroad	0.795	0.632	0.611	
dir_study_abroad	0.757	0.573	0.594	
dir_work_abroad	0.772	0.597	0.595	
dir_bus_travel_abroad	0.535	0.286	0.432	
dir_work_for_comp	0.688	0.474	0.513	
dir_work_int_partner	0.549	0.301	0.435	
Eigenvalue	3.092			
Variance Explained	44.173%			

7.2.10 Company Motivation

To test for the validity of the six-item Company Motivation construct an exploratory factor analysis was conducted using PCA. The suitability of this investigation was confirmed as inter-item correlations were greater than 0.3, the KMO value of 0.753 was greater than 0.6 and the Bartlett's test of sphericity showed a significance level of $p=0.000$, greater than 0.05. Through PCA, one component was identified with an eigenvalue greater than 1, explaining 48.992% of the variance. Additionally, strong factor loadings were identified above the recommended 0.3 level, as shown in Table 7.16 below.

Table 7.16: Validity and Reliability Results for the Company Motivation Construct

Variable	Factor Loading	Communalities	Item-Total Correlation	Cronbach's Alpha Coefficient
risk	0.443	0.196	0.310	0.788
seek_int	0.840	0.705	0.706	
intent_int	0.782	0.611	0.630	
resp_int_demand	0.755	0.570	0.602	
int_gov_inst	0.609	0.370	0.445	
int_bus_part	0.698	0.487	0.539	
Eigenvalue	2.940			
Variance Explained	48.992%			

Given the above results, the validity of the Company Motivation construct is confirmed, with all six items loading onto one single factor. Similarly, the reliability of the scale is confirmed through item-total correlations above 0.3 and a Cronbach's alpha coefficient of 0.788 (>0.7), as shown above. It can be concluded from the validity and reliability investigations that the six items of the Company Motivation construct can be retained for further analysis.

7.2.11 Owner-Manager Motivation

As with previous constructs, an exploratory factor analysis was conducted for the four-item Owner-Manager Motivation scale. The factorability was confirmed as the correlation matrix showed inter-item correlations significantly above 0.3. Additionally, the KMO value of 0.819 (>0.6) and the significance value of $p=0.000$ ($p<0.05$) from Bartlett's test of sphericity further supports the suitability. Following a CPA one component was identified with an eigenvalue greater than 1, explaining 81.314% of the variance. As shown in Table 7.17 below, strong factor loadings were identified for each item onto the single component, thus confirming the validity of the scale.

Table 7.17: Validity and Reliability Results for the Owner-Manager Motivation Construct

Variable	Factor Loading	Communalities	Item-Total Correlation	Cronbach's Alpha Coefficient
int_grow_comp	0.934	0.873	0.870	0.922
int_incr_profit	0.939	0.883	0.879	
int_mark_opp	0.964	0.929	0.925	
int_dom_mark_comp	0.754	0.568	0.622	
Eigenvalue	3.253			
Variance Explained	81.314%			

The reliability of the scale was confirmed, as shown above, with item-total coefficients significantly greater than 0.3 and a Cronbach's alpha of 0.922 (>0.7). It can therefore be concluded that the validity and reliability of the scale is confirmed, signifying that the four items of the Owner-Manager Motivation scale can be retained for further analysis.

7.3 Descriptive Statistics

This section presents a descriptive analysis of the main issues examined in the quantitative phase of this research. Results are set out into each construct, highlighting observations of the total survey responses.

7.3.1 Company Characteristics

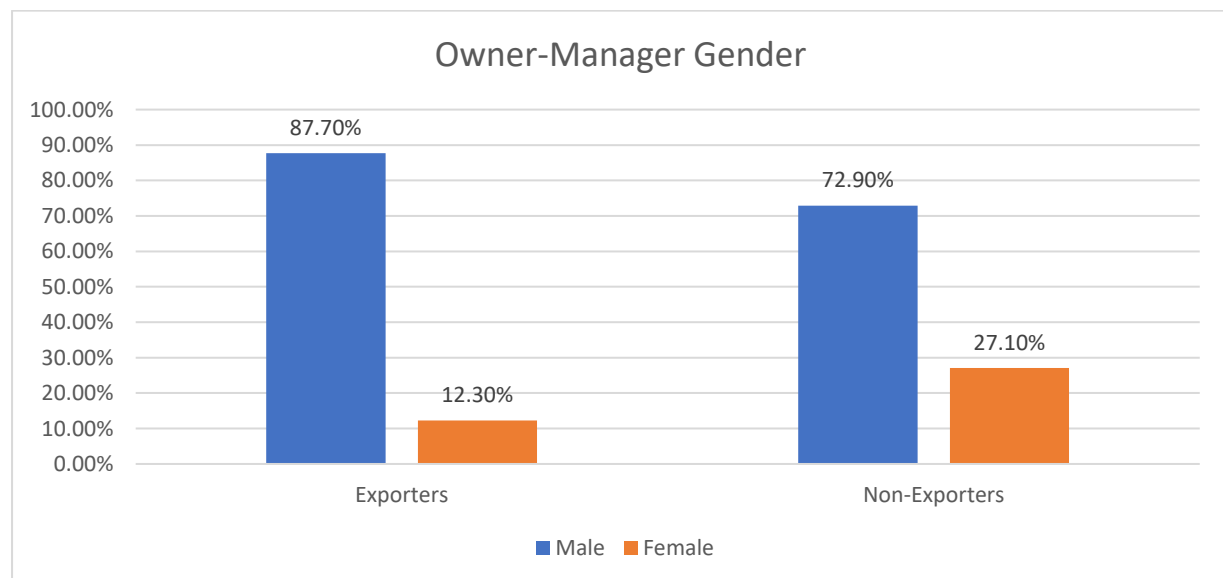
Characteristics of the company were presented in the respondent profile section at the start of this chapter. The company characteristics focus on the independent or non-independent status of the company (section 7.1.2), its age (7.1.3), size (7.1.4), location (7.1.5) and international strategy (7.1.6). Results in these respective sections outlined that the majority of companies were independent, although 8.2% of exporters were not. Companies of all ages are seen in the study, with a balance evident among non-exporters, whereas 56.2% of exporters had been in operation for 21 years or more. It was evident that companies of all sizes have the potential to internationalise, however, the vast majority of non-exporters were microenterprises (1-9 employees) and could be seen to lack resources. Company location

showed that the majority of companies were rural-based (50.7% of exporters and 60% of non-exporters), although more exporters were evident in small towns, where they had the potential to access more resources. Finally, exporters (53.4%) were more likely to possess an international strategy compared to non-exporters (16.7%). However, with 21.9% of exporters not acknowledging possessing an international strategy, it highlighted that internationalisation could be both reactive and proactive.

7.3.2 Owner-Manager Characteristics

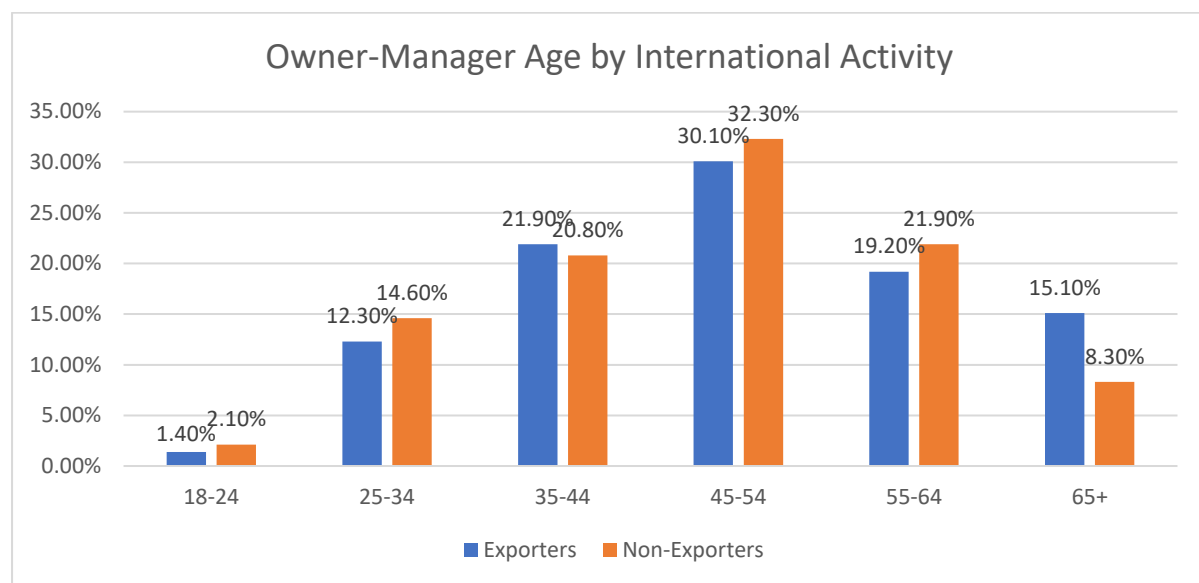
Looking at the characteristics of the owner-managers, the main factors that have a bearing on the propensity for the company to internationalise are gender, age, qualifications and experience. Figure 7.8 below highlights that owner-managers of exporters were predominantly male (87.7%), the same was true for non-exporters, however with a much lower percentage of males (72.9%).

Figure 7.8: Comparison of Owner-Manager Gender



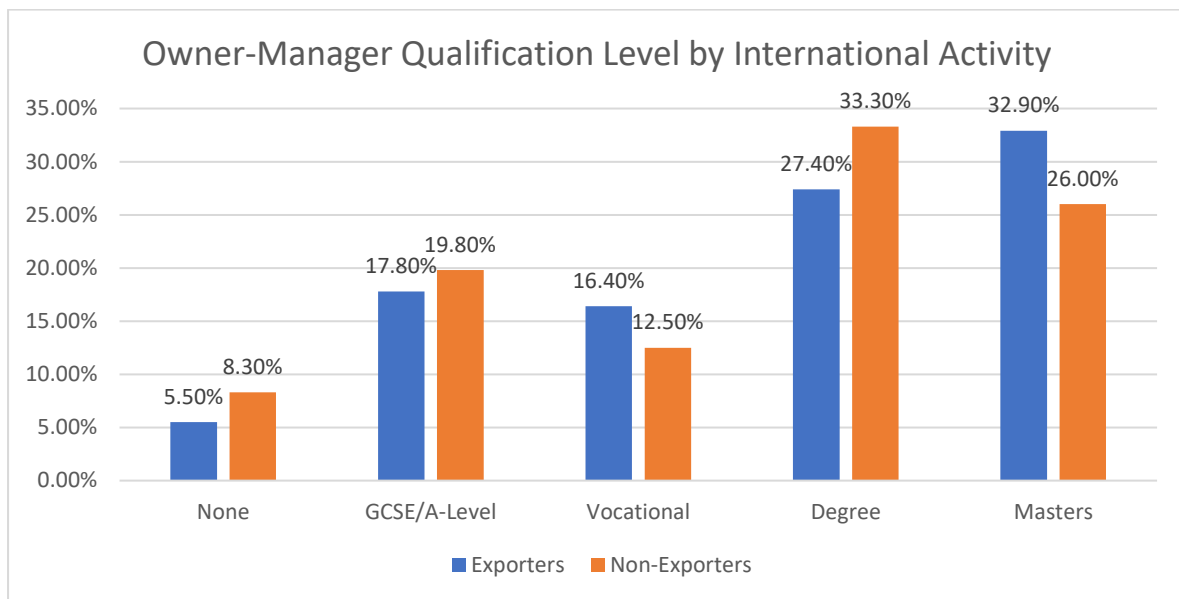
When considering age, it is clear that the majority of owner-managers are in the older age categories, this would suggest that experience is an important aspect for consideration. For both exporters and non-exporters, the largest category is 45-54. There are, however, some owner-managers in the 18-24 age group, 1.4% for exporters and 2.1% for non-exporters, as shown in Figure 7.9 below.

Figure 7.9: Owner-Manager Age by International Activity



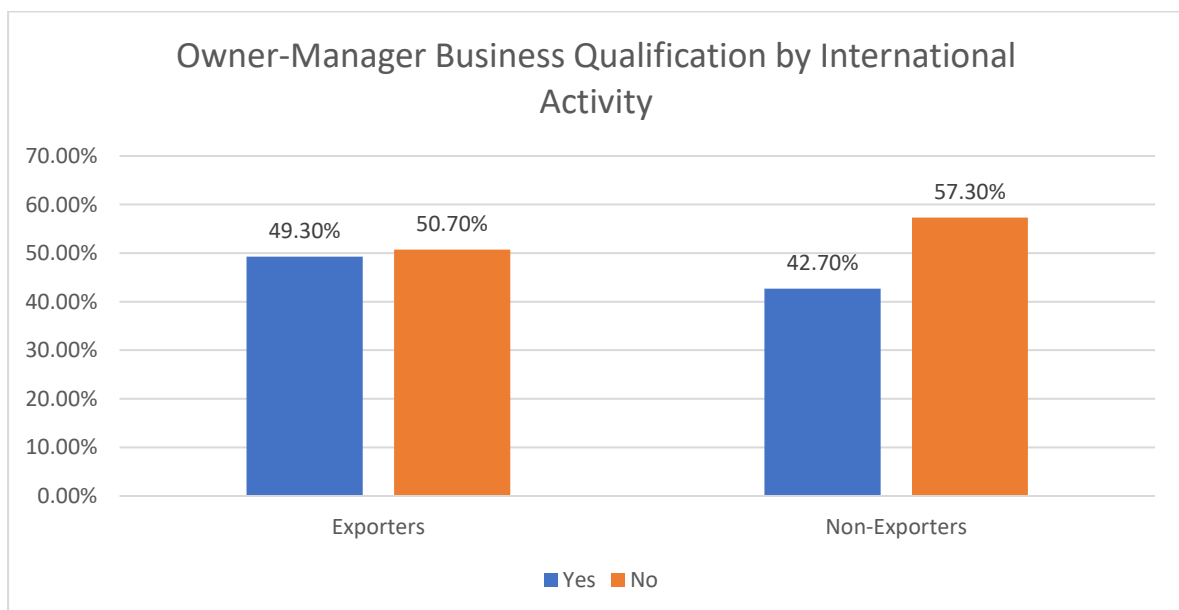
Distinct differences are observed in comparing the qualification levels of owner-managers. It is evident from the results in Figure 7.10 below that it is possible to run a business without any qualifications at all, although the majority have a university qualification (undergraduate degree or master's), representing 60.3% of exporters and 59.3% of non-exporters. Whereas a master's level has the highest percentage among exporters (32.9%), for non-exporters this is at degree level (33.3%). For owner-managers with no qualifications, a higher percentage was observed for non-exporters (8.3%) compared to exporters (5.5%). Here, results imply that most owner-managers are likely to possess qualifications, but no relationship is evident between the possession of a qualification and the ability to internationalise.

Figure 7.10: Owner-Manager Qualification Level by International Activity



When considering business qualifications, exporters (49.3%) are more likely to possess a business qualification than non-exporters (42.7%), as seen in Figure 7.11. The results do not provide evidence to suggest that possessing a business qualification is significant in leading to internationalisation.

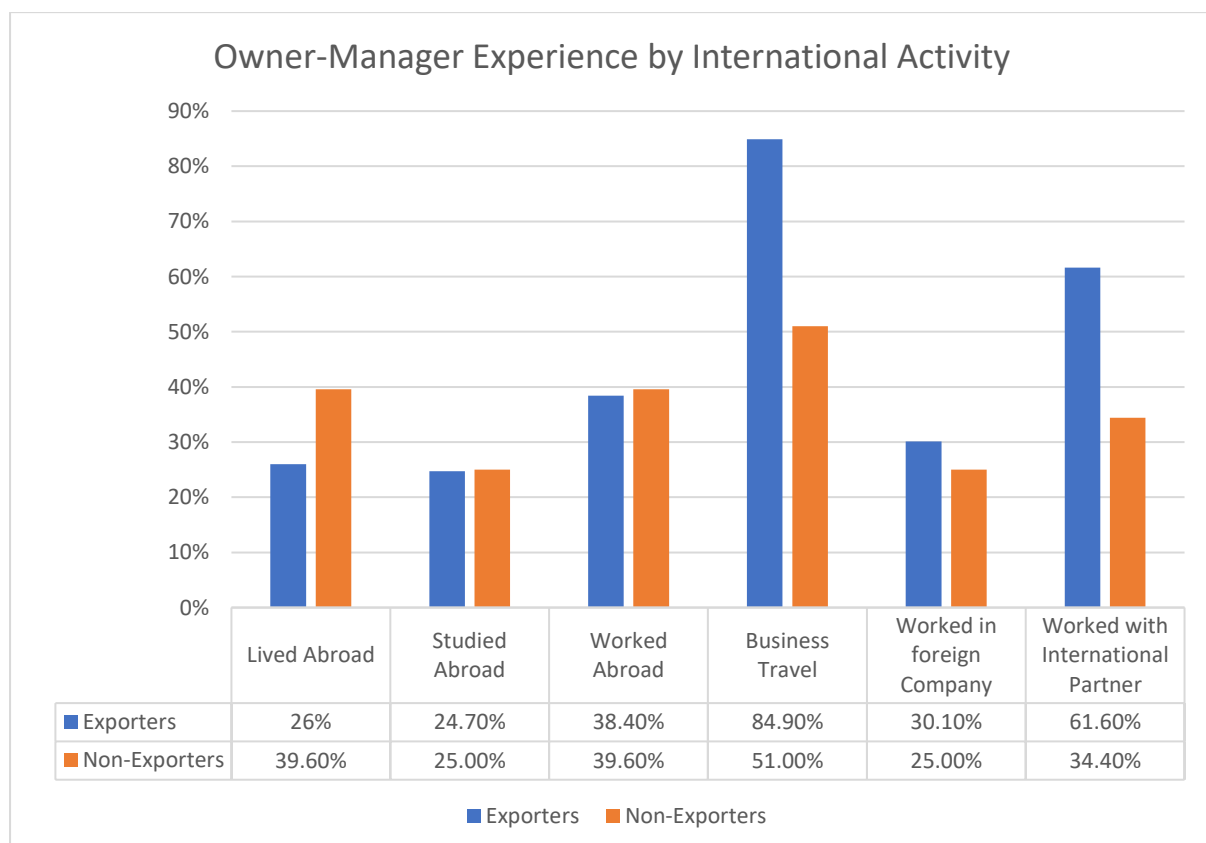
Figure 7.11: Owner-Manager Business Qualification by International Activity



7.3.3 Owner-Manager Experience

Figure 7.12 presents results for owner-manager experience. Considerably higher percentages were observed for exporters for business travel (84.9% compared to 51%) and working with international partners (61.6% compared to 34.4%). Additionally, more exporting owner-managers have worked in foreign companies (30.1% to 25%). Interestingly, a larger percentage of non-exporting owner-managers had worked abroad (39.6% to 38.4%), studied abroad (25% to 24.7%) and a significantly higher percentage of non-exporting owner-managers had lived abroad (39.6% to 26%). These results would suggest that there is little consistency between the international experience of the company owner-manager and the likelihood of the company internationalising, although working in an international context appears to be beneficial for internationalisation.

Figure 7.12: Owner-Manager Experience by International Activity



Results above highlight business travel as the most likely experience of owner-managers. This is further evident when comparing the variable means (Table 7.18), as the mean of 0.66 ranks highest. The lowest means are observed for owner-managers working in a foreign company (0.27) or having studied abroad (0.25). A similar picture is true when comparing exporters and non-exporters, with business travel the most likely experience for both types of company, however, a much higher mean is observed for exporters (0.85) compared to non-exporters (0.51), with exporters also having more experience working with international partners (0.62). Results support the above idea that experience in working in an international context is beneficial.

Table 7.18: Means of Owner-Manager Experience

Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	St. Dev.	Rank	Mean	St. Dev.	Mean	St. Dev.
Business Travel	0.00	1.00	0.66	0.48	1	0.85	0.36	0.51	0.50
Worked with International Partner	0.00	1.00	0.46	0.50	2	0.62	0.49	0.34	0.48
Worked Abroad	0.00	1.00	0.39	0.49	3	0.38	0.49	0.40	0.49
Lived Abroad	0.00	1.00	0.34	0.47	4	0.26	0.44	0.40	0.49
Worked in foreign Company	0.00	1.00	0.27	0.45	5	0.30	0.46	0.25	0.44
Studied Abroad	0.00	1.00	0.25	0.43	6	0.25	0.43	0.25	0.44

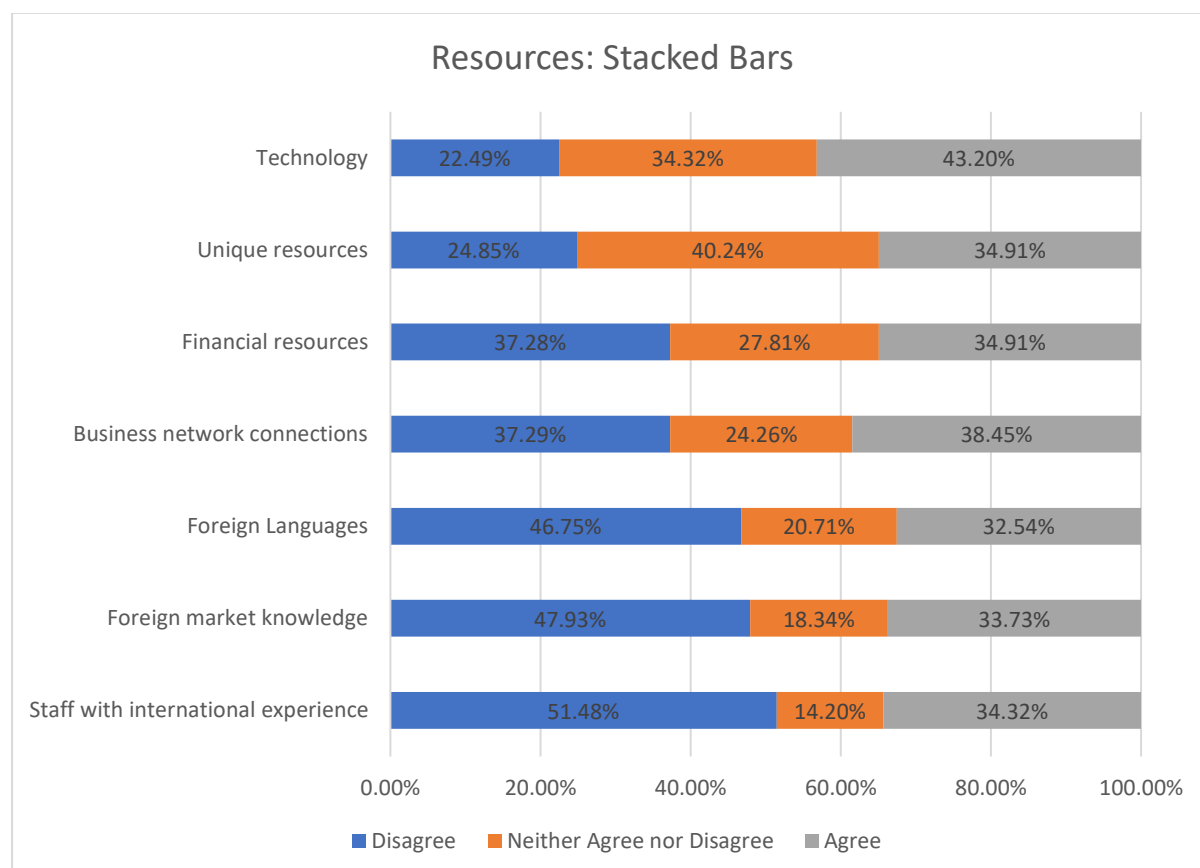
Where 0=No and 1=Yes

7.3.4 Resources

Overall results for the availability of resources within a company (see Figure 7.13) highlight technology as the resource that companies sufficiently possess to aid in internationalisation, with 43.2% of all respondents showing agreement. Business network connections also see a high percentage of agreement (38.45%), but this is almost equal to the levels of disagreement (37.29%). Knowledge-based resources see the highest levels of disagreement, particularly

staff with international experience (51.48%), foreign market knowledge (47.93%) and foreign languages (46.75%).

Figure 7.13: Stacked Bars Chart for Resources



Further analysis of the significance of resources to companies is seen by observing the mean values (see Table 7.19). *Technology* is the highest-ranking variable with a mean of 3.17, closely followed by *unique resources* (3.10) and *business network connections* (3.02). As above, knowledge-based resources had the lowest means, with *foreign market knowledge* the lowest ranked (2.75). It is evident that higher means are seen for exporting companies, with a range of 3.15-3.73 compared to 2.40-2.82 for non-exporters. This suggests that the availability of resources is significant in facilitating internationalisation, but that knowledge-based resources are an area where SMEs require more help in internationalisation.

Table 7.19: Combined Means of Resources

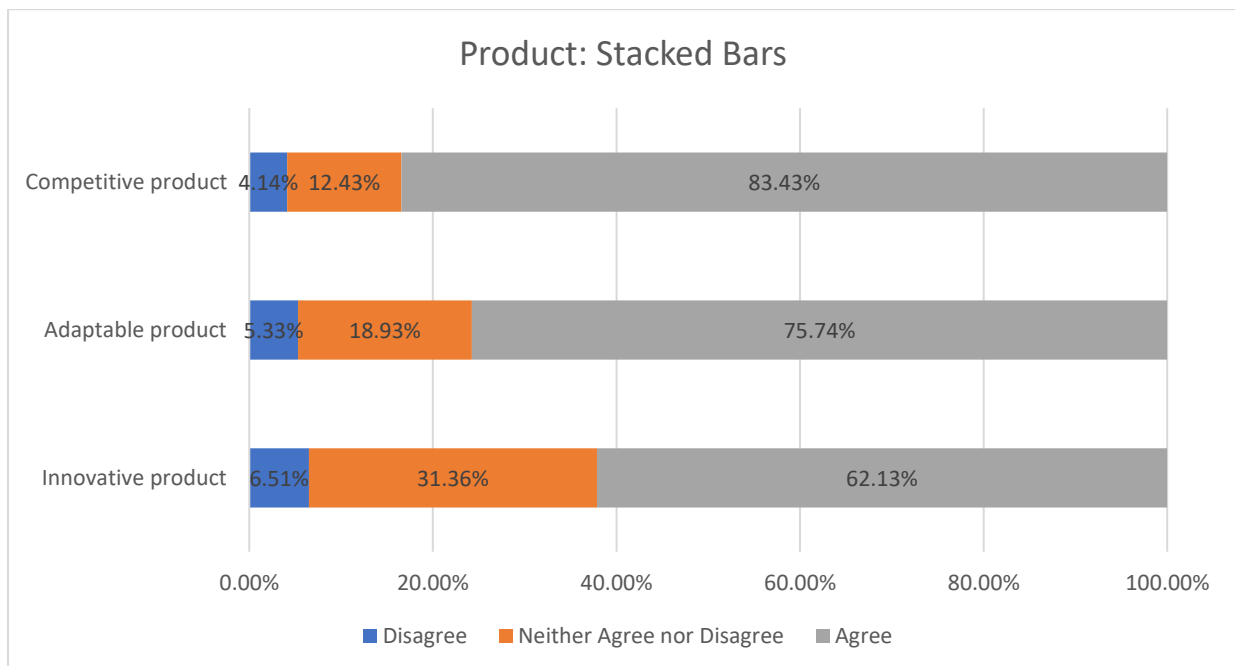
Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	St. Dev.	Rank	Mean	St. Dev.	Mean	St. Dev.
Technology	1.00	5.00	3.17	1.07	1	3.73	0.82	2.74	1.05
Unique resources	1.00	5.00	3.10	1.09	2	3.47	1.01	2.82	1.08
Business network connections	1.00	5.00	3.02	1.20	3	3.51	1.11	2.66	1.14
Financial resources	1.00	5.00	2.89	1.20	4	3.48	1.02	2.45	1.13
Foreign Languages	1.00	5.00	2.84	1.30	5	3.15	1.24	2.60	1.29
Staff with international experience	1.00	5.00	2.77	1.33	6	3.16	1.31	2.47	1.27
Foreign market knowledge	1.00	5.00	2.75	1.19	7	3.21	1.15	2.40	1.10

Based on a 5-point Likert scale where 1=strongly disagree and 5=strongly agree

7.3.5 Product

Significant results were observed for the Product construct, as shown in Figure 7.14, with companies overwhelmingly acknowledging that their products are competitive (83.43% agreed), adaptable (75.74% agreed) and innovative (62.13% agreed).

Figure 7.14: Stacked Bars for Product



Combined results for this construct show high means (see Table 7.20), with companies expressing their products to be competitive (4.08), adaptable (3.97) and innovative (3.76). This implies that the products possess significant characteristics that could appeal to international markets. Curiously, a greater mean was obtained for the competitive product statement among non-exporters (4.14) compared to exporters (4.00). This could be explained by the fact that exporters face greater competition from both domestic and international markets, whereas non-exporters only face domestic competition. Exporters showed higher means for adaptable products (4.21 compared to 3.79) and innovative products (3.82 compared to 3.72). This would suggest that product adaptability is significant in reaching international markets, with the innovativeness of the product also an attribute that could have a positive influence on internationalisation.

Table 7.20: Combined Means for Product

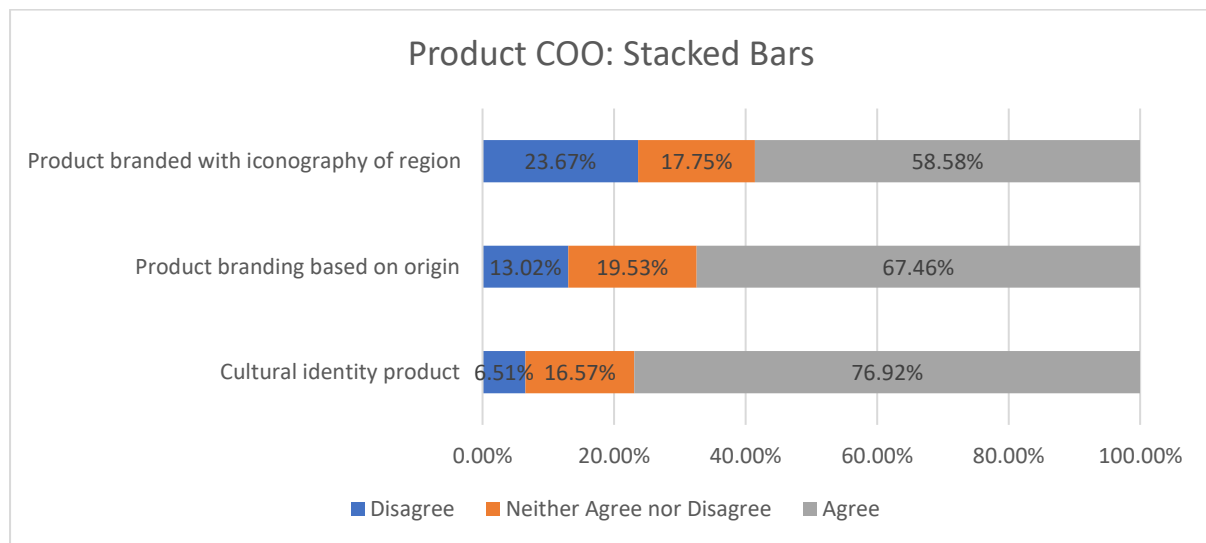
Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	Standard Deviation	Rank	Mean	Standard Deviation	Mean	Standard Deviation
Competitive product	1.00	5.00	4.08	0.76	1	4.00	0.80	4.14	0.72
Adaptable product	1.00	5.00	3.97	0.86	2	4.21	0.64	3.79	0.96
Innovative product	1.00	5.00	3.76	0.89	3	3.82	0.93	3.72	0.87

Based on a 5-point Likert scale where 1=strongly disagree and 5=strongly agree

7.3.6 Product COO

Results in Figure 7.15 show that products are significantly influenced by their cultural identity, with 76.92% agreeing with this statement. Furthermore, 67.46% agreed that the product was branded based on the place of origin and 58.58% agreed that the product was branded with regional iconography.

Figure 7.15: Stacked Bars for Product COO



High mean values (Table 7.21) were observed for the combined results of the Product COO construct, further supporting the findings above. With a mean of 4.14 there is a strong recognition that the company product possesses a significant cultural identity. Similarly, a mean of 3.91 was observed for the product branding being based on the place of origin. Furthermore, a mean of 3.59 supported the notion that the product is branded with regional iconography. The above results infer that the products of the surveyed companies are closely associated with the cultural identity of their place of origin, however, means among non-exporting respondents were greater for all factors than the exporters, which would suggest that the use of place-of-origin branding is not a significant factor of internationalisation.

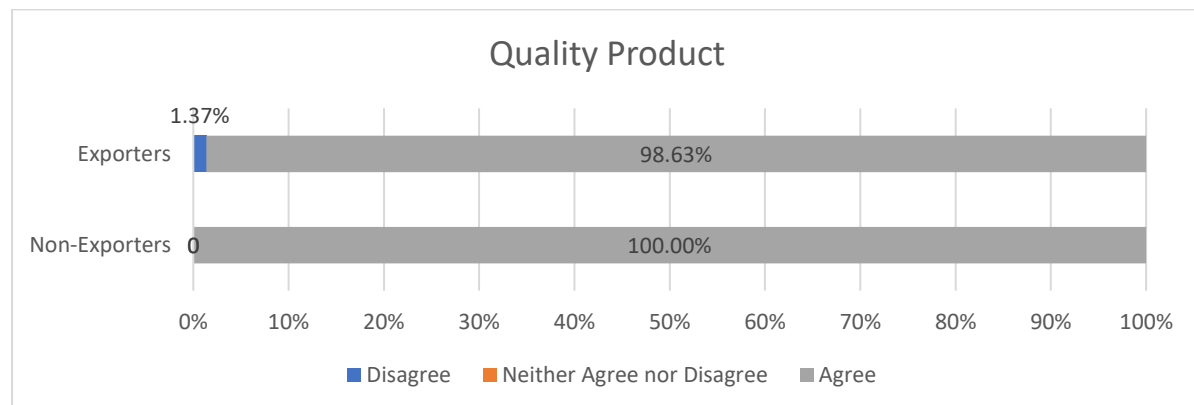
Table 7.21: Combined Means for Product COO

Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	St. Dev.	Rank	Mean	St. Dev.	Mean	St. Dev.
Cultural identity product	1.00	5.00	4.14	0.98	1	4.11	0.95	4.16	1.00
Product branding based on origin	1.00	5.00	3.91	1.10	2	3.81	1.09	3.98	1.11
Product branded with iconography of region	1.00	5.00	3.59	1.29	3	3.42	1.29	3.71	1.28

Based on a 5-point Likert scale where 1=strongly disagree and 5=strongly agree

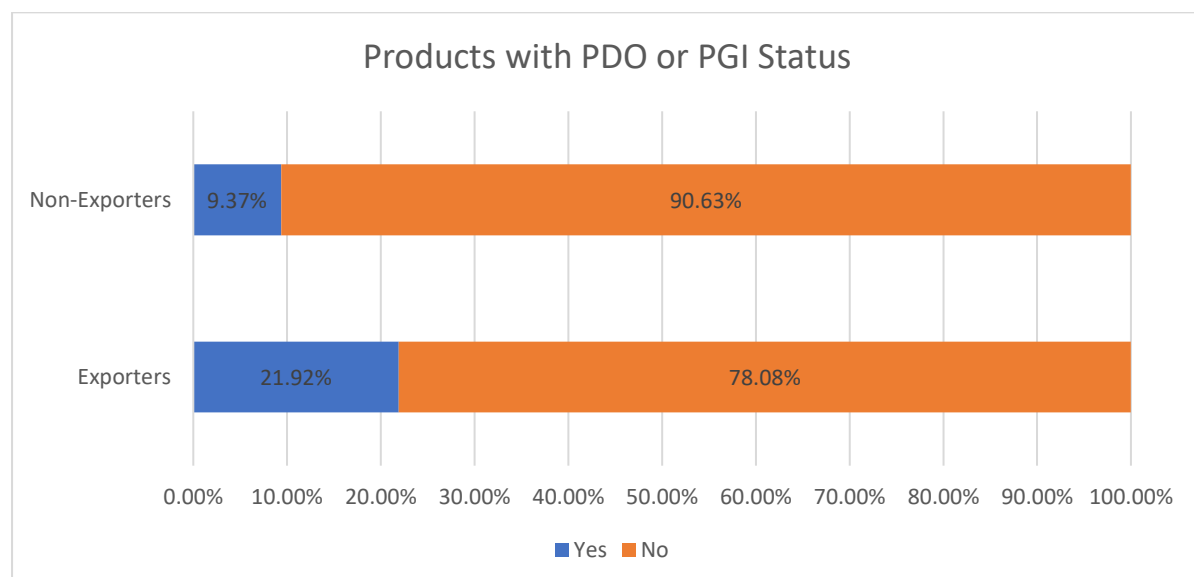
Additionally, survey respondents were asked to assess the quality of their products. As shown in Figure 7.16, the results were unanimously positive, with 100% of non-exporting respondents agreeing with the statement compared to 98.63% of exporters.

Figure 7.16: Stacked Bars Comparing Companies' Perceptions of Having a Quality Product



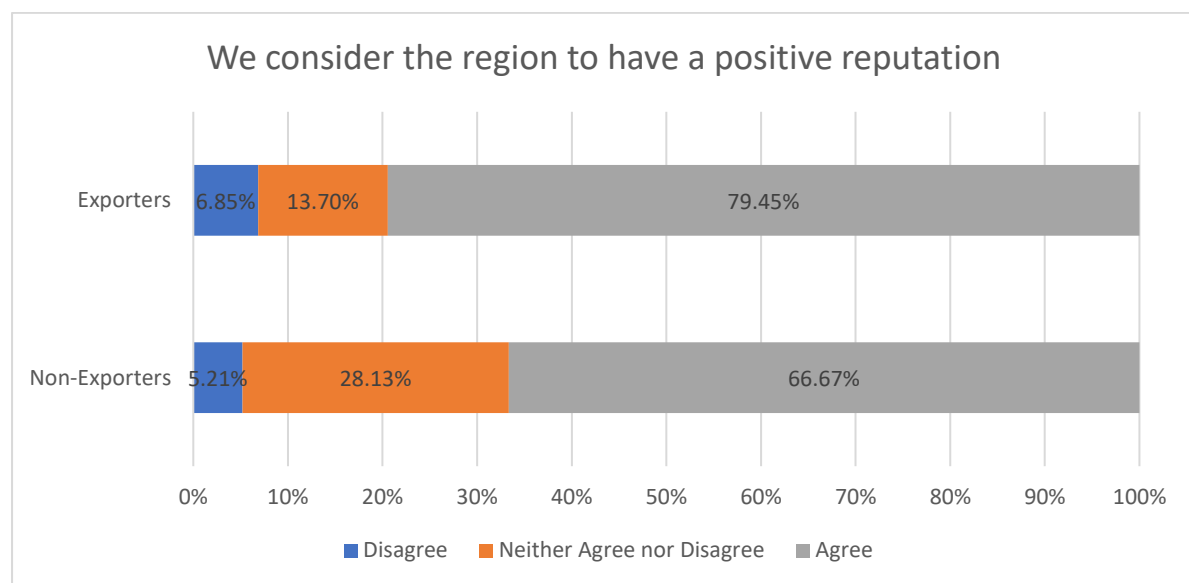
Having established the significance of the product's cultural identity, Figure 7.17 indicates that very few products possess a Protected Destination of Origin (PDO) or Protected Geographic Indication (PGI) status. Such products are more evident with exporters, with 21.92% of respondents' products possessing such a status, compared to 9.37% among non-exporters. This implies that having a protected food name could enhance internationalisation.

Figure 7.17: Comparing Companies with Products Possessing a PDO or PGI Status



Finally, respondents were asked to assess how they perceived the reputation of their region for food products, since possessing a cultural product would mean that the company would be dependent on the region having a positive reputation in order to increase sales further afield. Results in Figure 7.18 show that both exporters and non-exporters consider their region to have a positive reputation, although this was more evident for exporters (79.45% agreed) than non-exporters (66.67%).

Figure 7.18: Comparing Companies' Perceptions of the Reputation of their Region

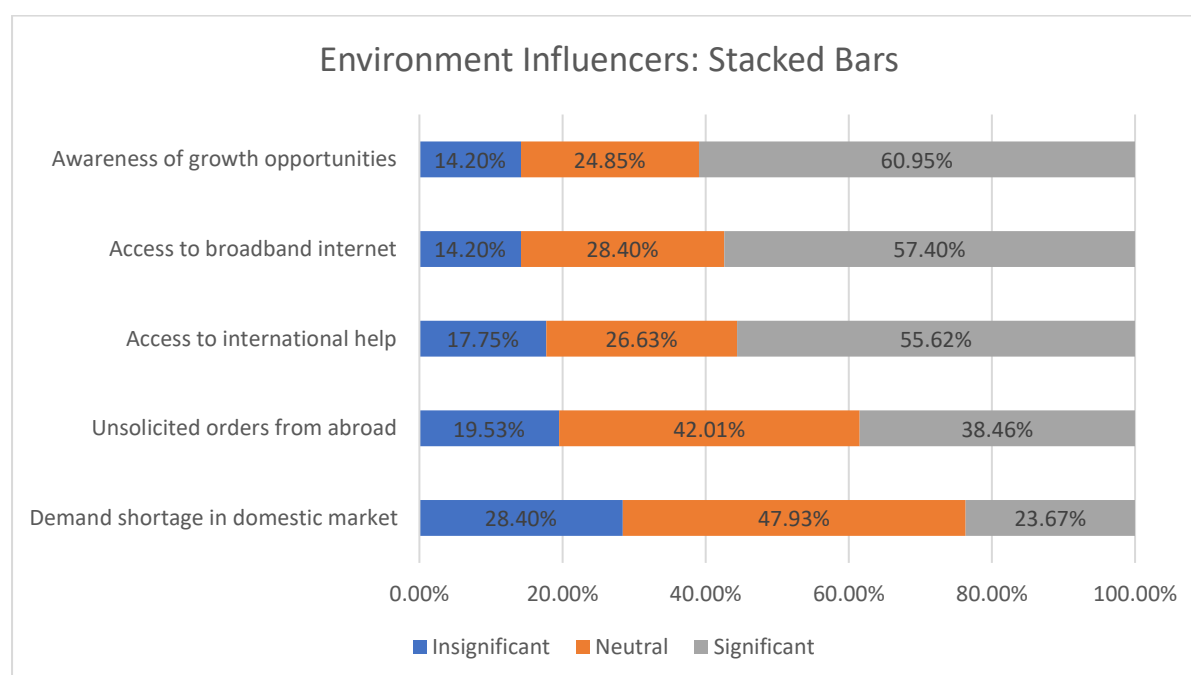


7.3.6 Environment Influencers

For the Environment Influencers construct, respondents were asked to evaluate their agreement with statements on a five-point Likert scale as to the different factors within the external environment of the company that influence internationalisation. The results presented in Figure 7.19 highlight that the most significant factor is being aware of growth opportunities in international markets, to which 60.95% of the total respondents showed agreement. This was closely followed by access to broadband internet (57.4% significant) and access to help that could facilitate internationalisation (55.62% significant). The receipt of unsolicited orders from abroad received a mostly neutral response (42.01%), with 38.46%

agreeing that receiving orders from abroad was a significant factor influencing internationalisation. A largely neutral response was also obtained when considering demand shortage in the domestic market as an influencer for internationalisation (47.93%), with more respondents showing insignificance to the statement (28.4%) over significance (23.67%).

Figure 7.19: Stacked Bars for Environment Influencers



When analysing the means (see Table 7.22), *access to broadband internet* ranks as the most influential environmental factor to internationalisation (3.61), closely followed by *awareness of growth opportunities* (3.50), both with relatively high means. *Access to international help* followed in third position, with a relatively high mean (3.41). The lowest means were observed for *unsolicited orders from abroad* (3.15) and *demand shortage in the domestic market* (2.85). With the exception of *demand shortage in the domestic market*, all of the factors obtained greater means among exporters than non-exporters, particularly significant is *awareness of growth opportunities* (3.82 for exporters, 3.25 for non-exporters). *Access to broadband* was similar for both types of company, suggesting that it is a significant resource

for all companies. The results for this construct point to a more proactive approach rather than reactive, as companies need to be aware of the opportunities available to them, either in terms of how they can grow, the kinds of help they can receive in facilitating the internationalisation process, or how they can capitalise on unsolicited orders from abroad.

Table 7.22: Combined Means for Environment Influencers

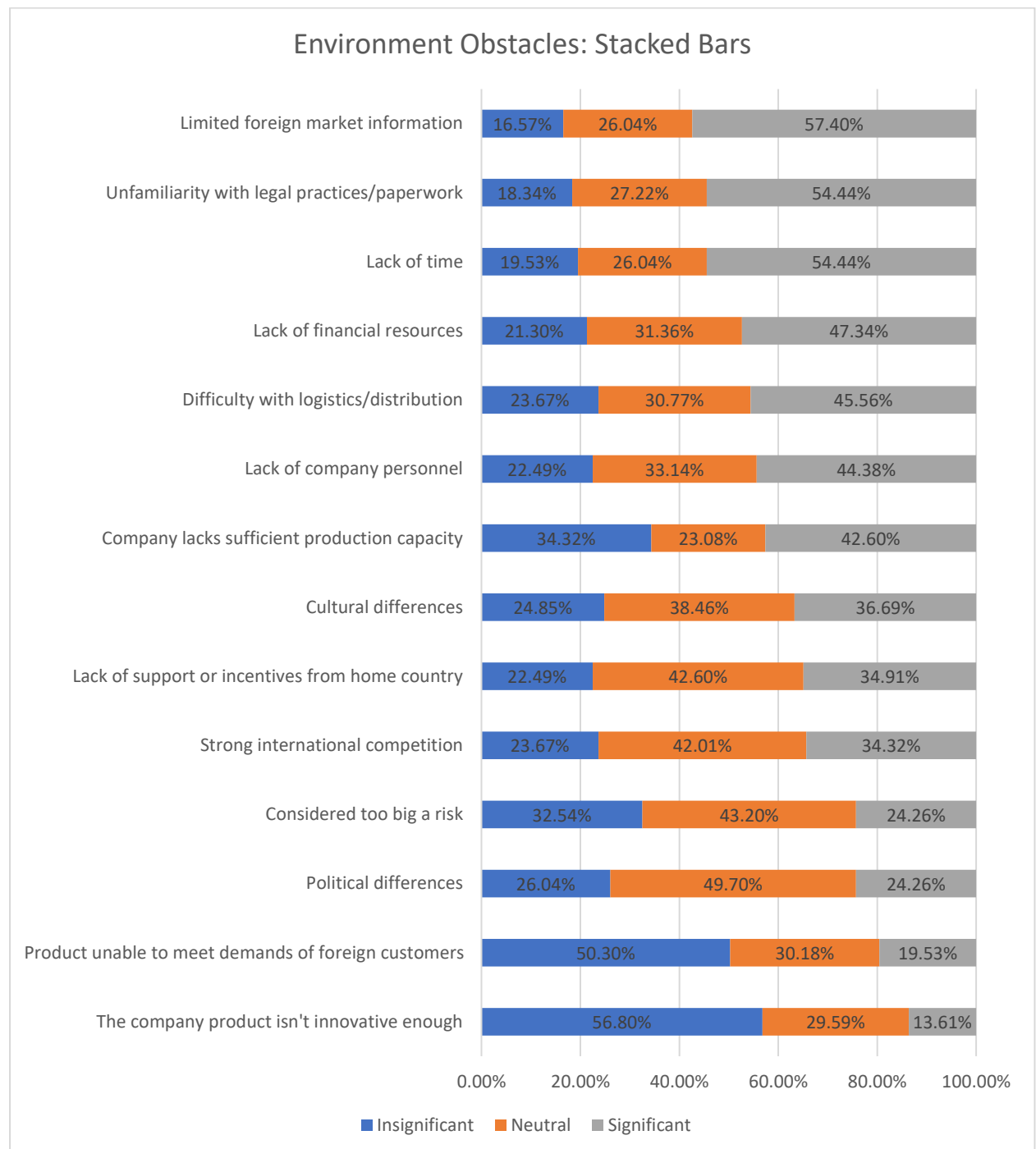
Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	St. Dev.	Rank	Mean	St. Dev.	Mean	St. Dev.
Access to broadband internet	1.00	5.00	3.61	1.16	1	3.71	1.18	3.53	1.14
Awareness of growth opportunities	1.00	5.00	3.50	1.06	2	3.82	0.79	3.25	1.18
Access to international help	1.00	5.00	3.41	1.16	3	3.52	1.03	3.32	1.24
Unsolicited orders from abroad	1.00	5.00	3.15	1.00	4	3.38	0.97	2.97	1.00
Demand shortage in domestic market	1.00	5.00	2.85	1.02	5	2.85	1.08	2.84	0.98

Based on a 5-point Likert scale where 1=very insignificant and 5=very significant

7.3.7 Environment Obstacles

In addition to the environment influencers, respondents were asked to evaluate the significance on a five-point Likert scale as to the different factors that act as barriers to internationalisation. A number of issues were identified in the literature in chapter 2, with the results in Figure 7.20 highlighting *limited foreign market information* as being the most likely obstacle to internationalisation, with 57.4% of the total respondents seeing it as significant. This was closely followed by *unfamiliarity with legal practices/paperwork* (54.44% significant) and a *lack of time* to dedicate towards internationalisation (54.44%). Other significant obstacles were a *lack of financial resources* (47.34%), *difficulty with logistics/distribution* (45.56%), *lack of company personnel* (44.38%) and a *lack of production capacity* (42.6%).

Figure 7.20: Stacked Bars for Environment Obstacles



Other potential issues for companies evident above include *cultural differences* (36.69% significant), a *lack of support or incentives available in the home country* (34.91% significant) and *strong international competition* (34.32%). The least significant obstacles were the *product unable to meet demands of foreign customers* (50.3% insignificant) and the *company product isn't innovative enough* (56.80% insignificant).

product not being innovative enough (56.8%). As previously seen in section 7.3.5, results showed that companies strongly considered their products to be innovative. The factors of *internationalisation being too big a risk* (43.2% neutral, 32.54% insignificant) and *political differences* (49.7% neutral, 26.04% insignificant) showed mostly neutral results, with the percentages of insignificance outweighing those of significance. The results for this construct are further supported when analysing the means, as seen in Table 7.23, with *limited foreign market knowledge* and *unfamiliarity with legal practices/paperwork* ranking joint first with means of 3.51, closely followed by a *lack of time* (3.47). A *lack of financial resources* and *difficulty with logistics/distribution* also received relatively high means, both at 3.38. As above, a *lack of innovation* (2.44) and the *product being unable to meet demands of foreign customers* (2.55) were the least significant obstacles.

Unsurprisingly, higher means were observed among non-exporters for the majority of the obstacles, with results ranging from 2.42-3.69 among non-exporters, compared to 2.48-3.41 for exporters. *Cultural differences* (3.25 exporters, 3.02 non-exporters) and *strong international competition* (3.19 compared to 3.08) were the only factors where exporters observed higher means, which could be explained by the fact that they are exposed more to these challenges by being present in international markets. The most significant obstacles for non-exporters were a *lack of time* (3.69), *unfamiliarity with legal practices* (3.68) and *limited foreign market knowledge* (3.58). *Limited foreign market knowledge* was also the highest mean for exporters (although at 3.41 the mean is lower than non-exporters), however their international success would imply that they are better equipped to deal with such challenges.

Table 7.23: Combined Means for Environment Obstacles

Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	Standard Deviation	Rank	Mean	Standard Deviation	Mean	Standard Deviation
Limited foreign market information	1.00	5.00	3.51	1.00	1	3.41	1.00	3.58	1.00
Unfamiliarity with legal practices/paperwork	1.00	5.00	3.51	1.10	1	3.29	1.10	3.68	1.07
Lack of time	1.00	5.00	3.47	1.09	3	3.19	1.09	3.69	1.04
Lack of financial resources	1.00	5.00	3.38	1.11	4	3.23	1.05	3.49	1.14
Difficulty with logistics/distribution	1.00	5.00	3.38	1.15	4	3.18	1.26	3.53	1.04
Lack of company personnel	1.00	5.00	3.25	1.03	6	3.07	1.07	3.39	0.98
Company lacks sufficient production capacity	1.00	5.00	3.20	1.34	7	2.81	1.24	3.49	1.34
Lack of support or incentives from home country	1.00	5.00	3.19	1.03	8	2.88	0.96	3.43	1.02
Strong international competition	1.00	5.00	3.13	1.03	9	3.19	1.13	3.08	0.96
Cultural differences	1.00	5.00	3.12	1.00	10	3.25	1.02	3.02	0.97
Political differences	1.00	5.00	2.98	0.94	11	2.97	0.96	2.98	0.93
Considered too big a risk	1.00	5.00	2.88	0.99	12	2.67	1.00	3.04	0.96
Product unable to meet demands of foreign customers	1.00	5.00	2.55	1.13	13	2.56	1.18	2.54	1.10
The company product isn't innovative enough	1.00	5.00	2.44	1.03	14	2.48	1.11	2.42	0.97

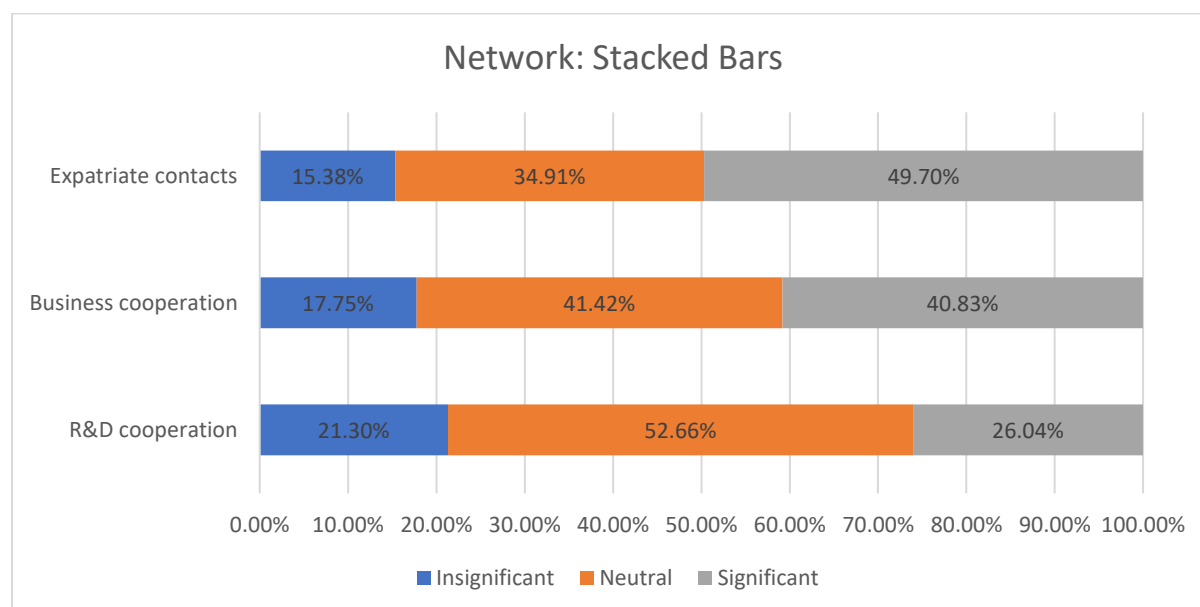
Based on a 5-point Likert scale where 1=very insignificant and 5=very significant

7.3.8 Network

For the network construct, respondents were asked to evaluate on a five-point Likert scale the significance of different network activities. The results in Figure 7.21 highlight that access to *expatriate contacts* is considered a valuable network connection, with 49.7% of the total respondents showing significance to the statement and only 15.38% insignificance. *Business cooperation*, that is, membership of business networks, also received significant agreement,

with 40.83% in agreement and only 17.75% insignificance. A more neutral response was observed for *R&D cooperation* (52.66%), however, a slightly larger percentage was obtained for significance (26.04%) compared to insignificance (21.3%).

Figure 7.21: Stacked Bars for Network



The above results are confirmed when analysing the means, as seen in Table 7.24. *Expatriate contacts* obtained the highest mean of 3.44, followed by *business cooperation* (3.22) and finally *R&D cooperation* (3.02). Results for exporters and non-exporters show strong similarities between the means of *expatriate contacts* (3.45 for exporters, 3.43 for non-exporters) and *business cooperation* (3.23 for exporters, 3.22 for non-exporters). Differences can be seen with *R&D cooperation* (3.22 for exporters and 2.86 for non-exporters).

Table 7.24: Combined Means for Network

Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	Standard Deviation	Rank	Mean	Standard Deviation	Mean	Standard Deviation
Expatriate contacts	1.00	5.00	3.44	1.07	1	3.45	1.00	3.43	1.12
Business cooperation	1.00	5.00	3.22	1.04	2	3.23	0.94	3.22	1.13
R&D cooperation	1.00	5.00	3.02	0.98	3	3.22	1.00	2.86	0.94

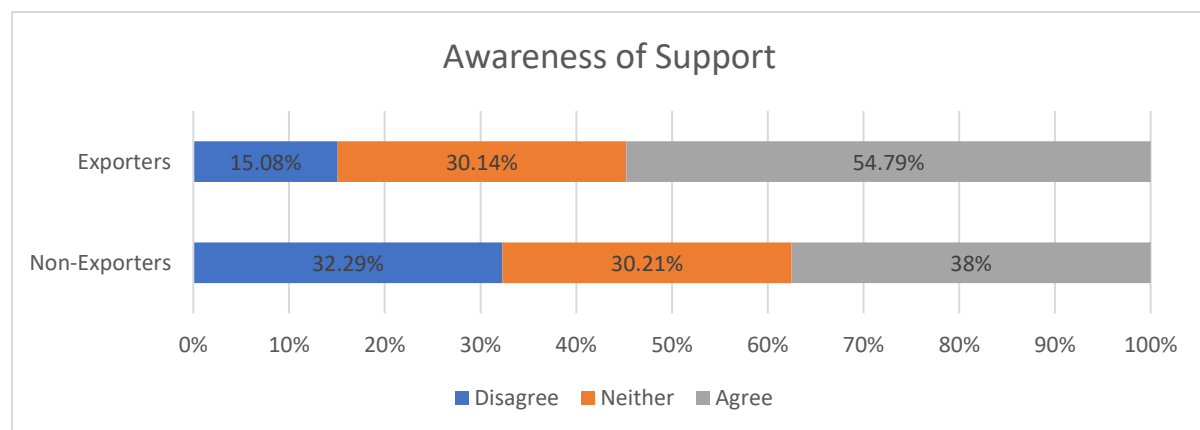
Based on a 5-point Likert scale where 1=very insignificant and 5=very significant

The above results imply that networking is an important activity for all companies with a view to internationalisation, however it is evident that *R&D cooperation* is more recognised by currently-exporting companies.

7.3.9 Support

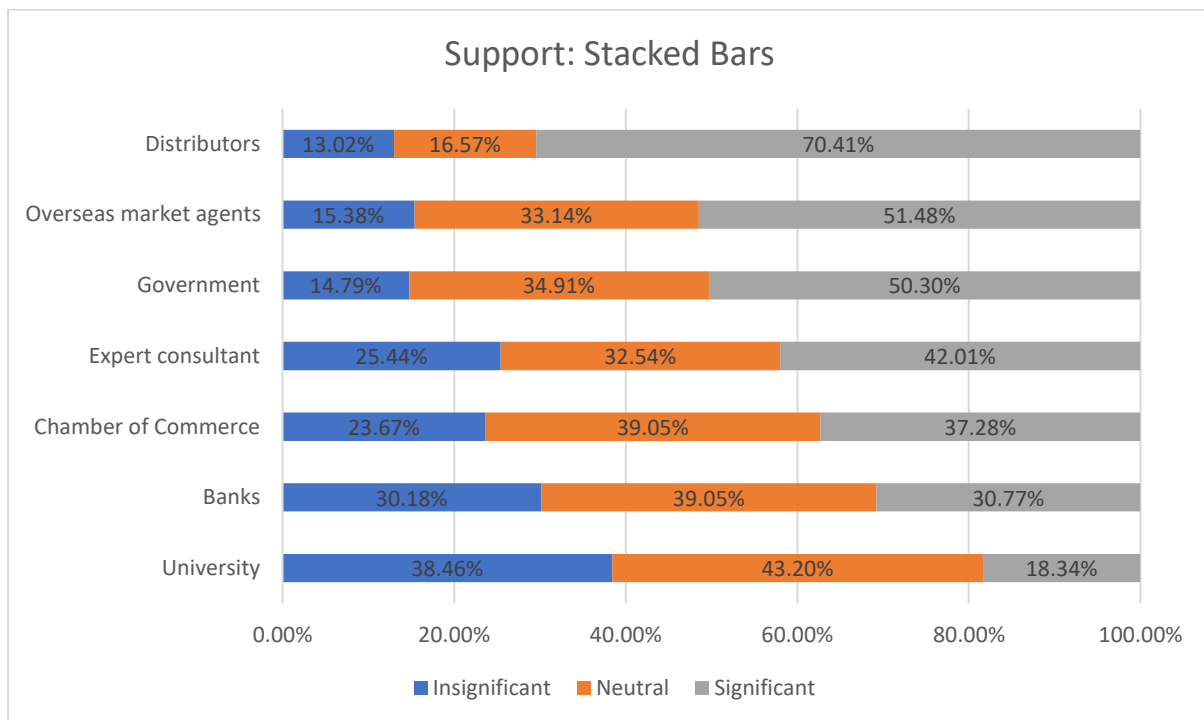
For the support construct, respondents were initially asked to assess their *awareness of support measures* available in their region in facilitating internationalisation on a five-point Likert scale. Results in Figure 7.22 highlight that exporters (54.79% agreed) showed greater awareness than non-exporters (38%).

Figure 7.22: Companies' Awareness of Support for Internationalisation



Thereafter, respondents were asked to evaluate the significance of different support groups in facilitating internationalisation. It is evident from the results in Figure 7.23 that *distributors* are a significant source of support, with 70.41% of respondents identifying them as significant. *Overseas market agents* (51.48%), *government* (50.3%) and *expert consultants* (42.01%) also showed significant levels. Results for *chamber of commerce* (39.05% neutral, 37.28% significant) and *banks* (39.05% neutral, 30.77% significant) were mostly neutral, but contained larger percentages in the significant range than the insignificant. *Universities* were considered less significant (43.2% neutral, 38.46% insignificant).

Figure 7.23: Stacked Bars for Support



The above results are mirrored in Table 7.25, which analyses the mean results. *Distributors* received the highest mean (3.82), with *universities* receiving the lowest (2.72), highlighting a relatively narrow range of means. Results show similar results for exporters and exporters, suggesting that all companies require support, whether operating in domestic or international markets.

Table 7.25: Combined Means for Support

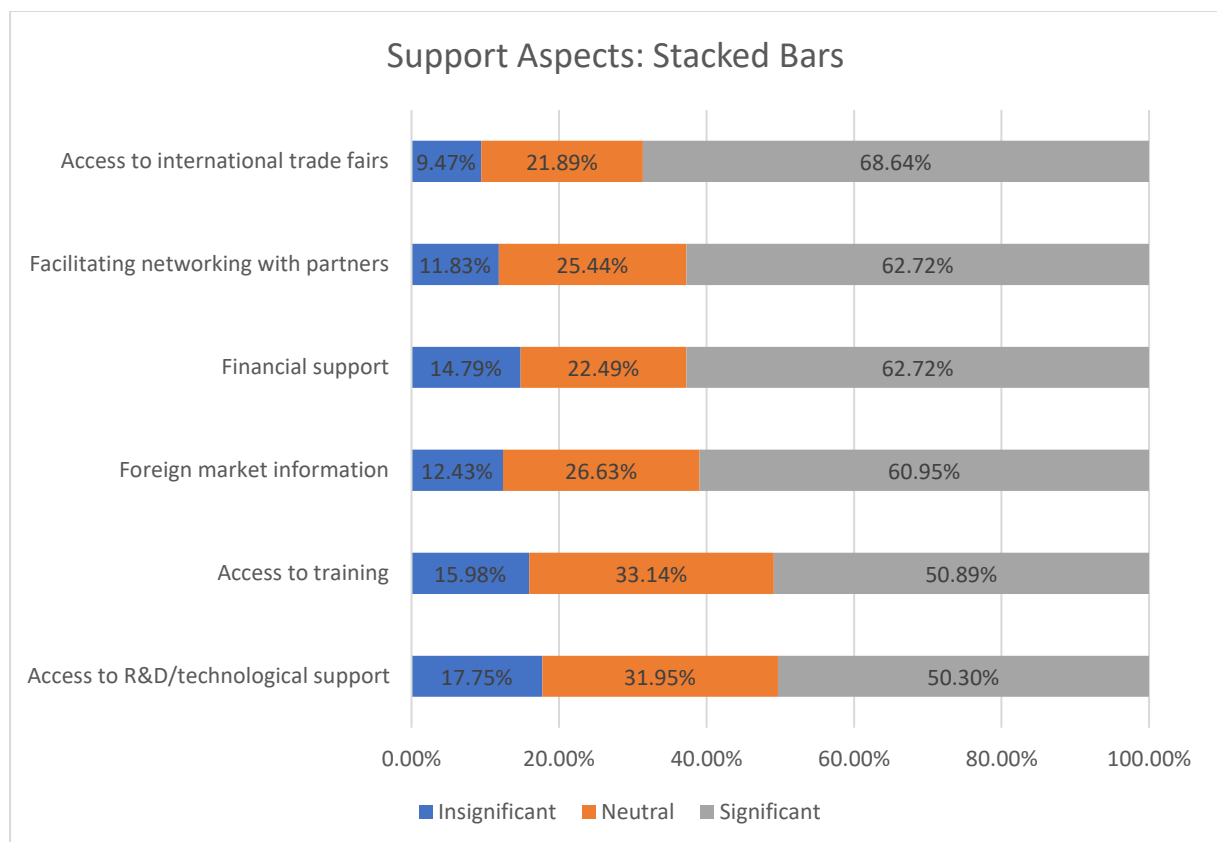
Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	Standard Deviation	Rank	Mean	Standard Deviation	Mean	Standard Deviation
Distributors	1.00	5.00	3.82	1.09	1	3.84	1.07	3.80	1.11
Overseas market agents	1.00	5.00	3.44	1.03	2	3.45	1.01	3.43	1.05
Government	1.00	5.00	3.40	1.02	3	3.41	1.00	3.39	1.05
Expert consultant	1.00	5.00	3.15	1.08	4	3.08	1.11	3.20	1.06
Chamber of Commerce	1.00	5.00	3.10	1.08	5	3.32	1.09	2.94	1.05
Banks	1.00	5.00	2.96	1.11	6	3.03	1.01	2.92	1.18
University	1.00	5.00	2.72	0.98	7	2.58	1.04	2.82	0.92

Based on a 5-point Likert scale where 1=very insignificant and 5=very significant

7.3.10 Support Aspects

For the support aspects construct, respondents were asked to evaluate the significance of different aspects of support that is required in order to facilitate internationalisation. Results in Figure 7.24 show that *access to international trade fairs* as the factor with the highest percentage of responses in the significant section (68.64%), closely followed by *facilitating networking with partners* (62.72%) and *financial support* (62.72%). Each of the six factors are weighted more towards the significant sections of the stacked bar chart below, highlighting their importance to food and drink companies. With 60.95% the significance for *foreign market knowledge* is high, with the final two factors, *access to training* (50.89%) and *access to R&D or technological support* (50.3%) also having significance levels greater than 50%.

Figure 7.24: Stacked Bars for Support Aspects



When analysing the means obtained from questionnaire respondents (see Table 7.26), it is evident that the means for each factor are relatively high, which highlights the importance of each support aspect for small companies. *Access to international trade fairs* has the highest mean (3.82), closely followed by both *financial support* (3.75) and *facilitating networking with partners* (3.72). *Foreign market information* is ranked fourth, but with a relatively high mean of 3.63, with *access to training* (3.49) and *access to R&D/technological support* (3.34) seen as the least significant of the six factors in the construct. It is interesting to note that, with the exception of *access to international trade fairs* (3.97 for exporters, 3.71 for non-exporters), the means for all factors are higher among non-exporters. This would imply that all companies benefit from support in helping their business grow, however, the ability to *access international trade fairs* is significant in facilitating internationalisation.

Table 7.26: Combined Means for Support Aspects

Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	St. Dev.	Rank	Mean	St. Dev.	Mean	St. Dev.
Access to international trade fairs	1.00	5.00	3.82	1.03	1	3.97	0.96	3.71	1.07
Financial support	1.00	5.00	3.75	1.16	2	3.70	1.17	3.78	1.15
Facilitating networking with partners	1.00	5.00	3.72	1.12	3	3.62	1.09	3.79	1.14
Foreign market information	1.00	5.00	3.63	1.02	4	3.58	0.94	3.68	1.07
Access to training	1.00	5.00	3.49	1.05	5	3.23	1.01	3.69	1.05
Access to R&D/technological support	1.00	5.00	3.34	1.06	6	3.11	1.01	3.51	1.08

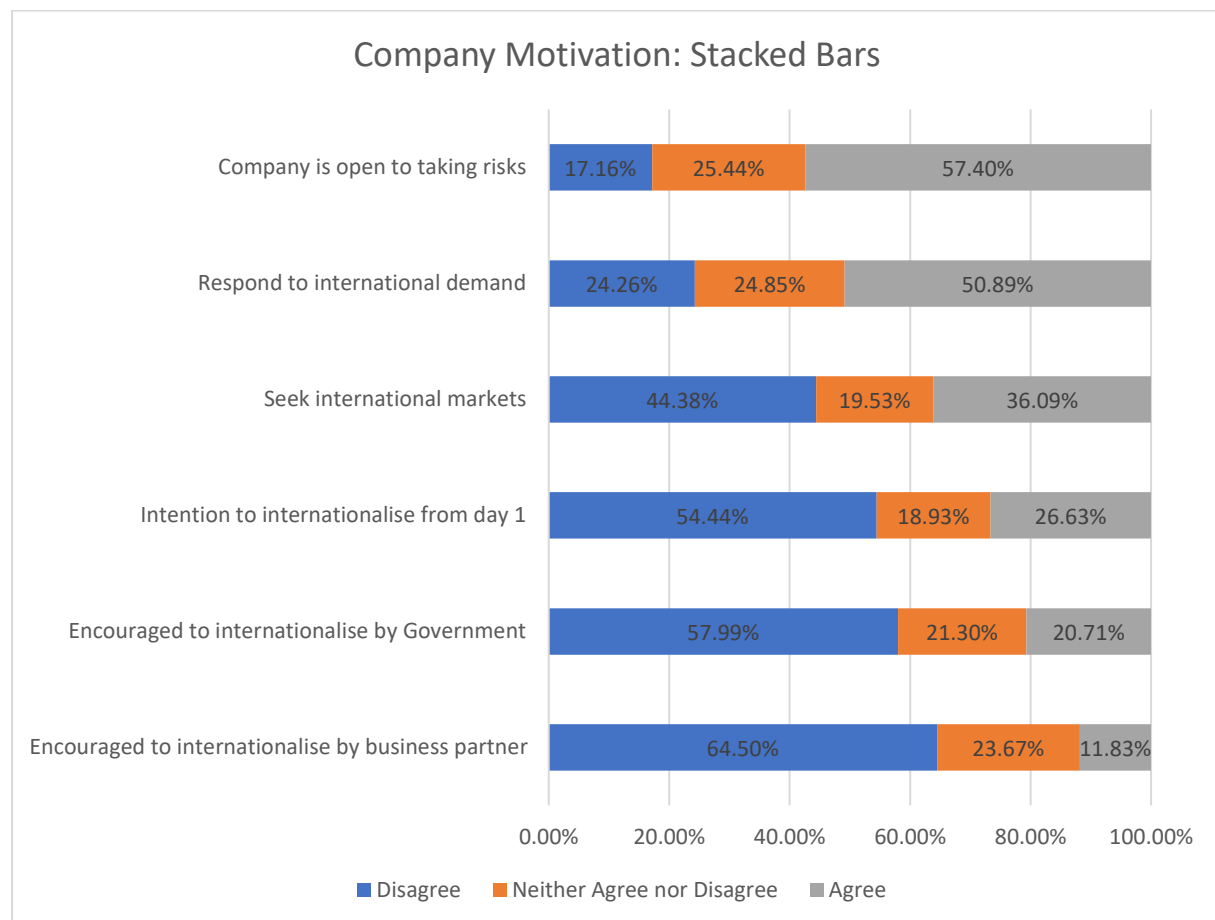
Based on a 5-point Likert scale where 1=very insignificant and 5=very significant

7.3.11 Motivation: Company

For the Company Motivation construct, respondents were asked to provide their agreement with different statements on a five-point Likert scale, which looked at different motivating

factors to internationalisation. Results (Figure 7.25) show that the *company is open to taking risks* (57.4% agreed), and that the company would internationalise in *response to international demand* (50.89% agreed). Companies showed more disagreement with statements relating to them *actively seeking international markets* (44.38% disagreed) and the company *intending on internationalising from day 1* (54.44% disagreed), suggesting a more proactive approach. More disagreement was observed to statements looking at companies being *encouraged to internationalise by the government* (57.99% disagreed) or *encouraged to internationalise by business partners* (64.5% disagreed).

Figure 7.25: Stacked Bars for Company Motivation



When analysing the means for these factors (Table 7.27), similar results were observed. The company is mostly *open to taking risks* (3.46) and is open to *responding to international demand* (3.21). Companies are not as likely to take a proactive approach by *seeking international markets* (2.82) or seeking to *internationalise from day 1* (2.46). Lower means were expressed in relation to companies being *encouraged to internationalise by governments* (2.34) or *business partners* (2.16). Comparing the means of exporters and non-exporters, it is evident that the exporters (ranging from 2.55 to 3.66) observed greater means than non-exporters (1.85-3.42). Significant differences are observed in companies *responding to international demand* (3.66 exporters, 2.88 non-exporters), *seeking internationalisation* (3.63 compared to 2.20) and the *intention to internationalise from day 1* (3.10 to 1.98). This implies that exporters are more open to international opportunities and display evidence of both proactive and reactive approaches to internationalisation.

Table 7.27: Combined Means for Company Motivation

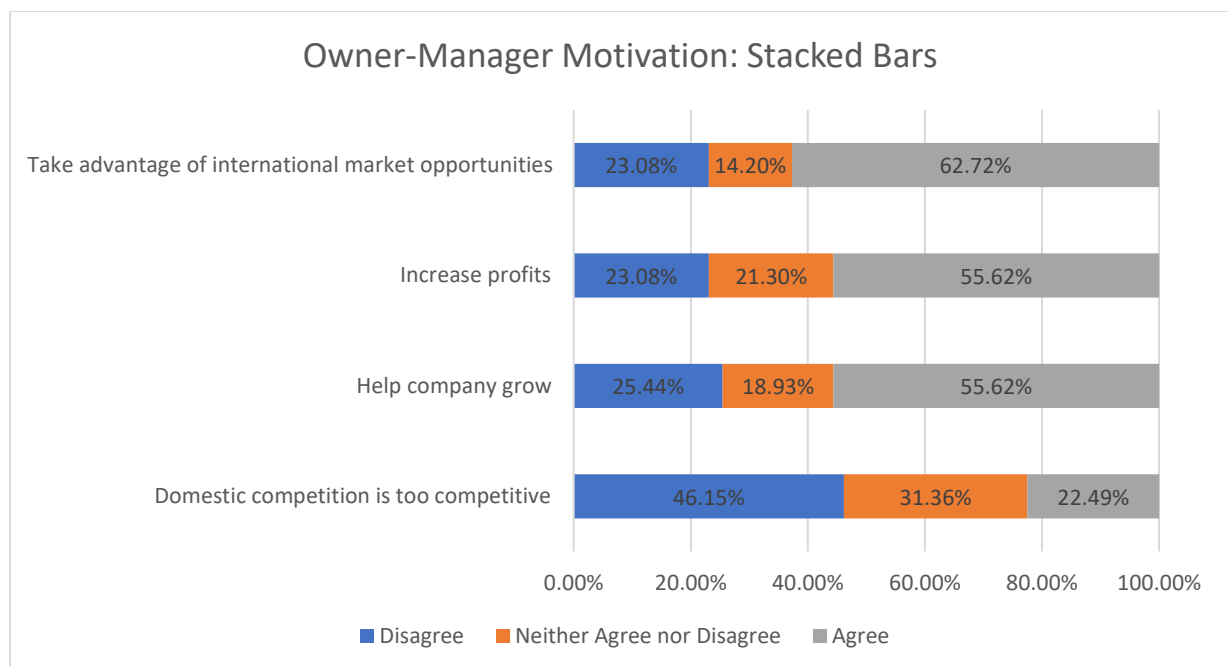
Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	St. Dev.	Rank	Mean	St. Dev.	Mean	St. Dev.
Company open to taking risks	1.00	5.00	3.46	1.00	1	3.52	0.91	3.42	1.06
Respond to international demand	1.00	5.00	3.21	1.20	2	3.66	0.84	2.88	1.32
Seek international markets	1.00	5.00	2.82	1.38	3	3.63	1.05	2.20	1.28
Intention to internationalise from day 1	1.00	5.00	2.46	1.25	4	3.10	1.17	1.98	1.09
Encouraged to internationalise by Government	1.00	5.00	2.34	1.14	5	2.55	1.05	2.18	1.18
Encouraged to internationalise by business partner	1.00	5.00	2.16	1.07	6	2.56	1.11	1.85	0.94

Based on a 5-point Likert scale where 1=strongly disagree and 5=strongly agree

7.3.12 Motivation: Owner-Manager

For the Owner-Manager Motivation construct respondents were asked to evaluate their agreement with four statements on a five-point Likert scale looking at motives for internationalisation from the owner-manager perspective. The results in Figure 7.26 point to strong agreement with three statements: the desire to *take advantage of international market opportunities* (62.72% agreement), *increase profits* (55.62% agreement) and *help the company grow* (55.62%). These factors would imply a more proactive approach to internationalisation. When responding to the statement that the *domestic market is too competitive*, providing companies with a reactive motive to internationalisation, 46.15% of respondents disagreed with the statement.

Figure 7.26: Stacked Bars for Owner-Manager Motivation



These results are supported by the findings in Table 7.28 below, which highlight higher means for *take advantage of international market opportunities* (3.53), followed by *increase profits* (3.43) and *help company grow* (3.42). The *domestic competition is too competitive* variable

obtained a lower mean of 2.65. As with the company motivation construct, here the means of exporters (range of 3.00-4.10) are significantly higher than those of non-exporters (2.39-3.09), reflecting the intent of the company owner-manager to seek internationalisation.

Table 7.28: Combined Means for Owner-Manager Motivation

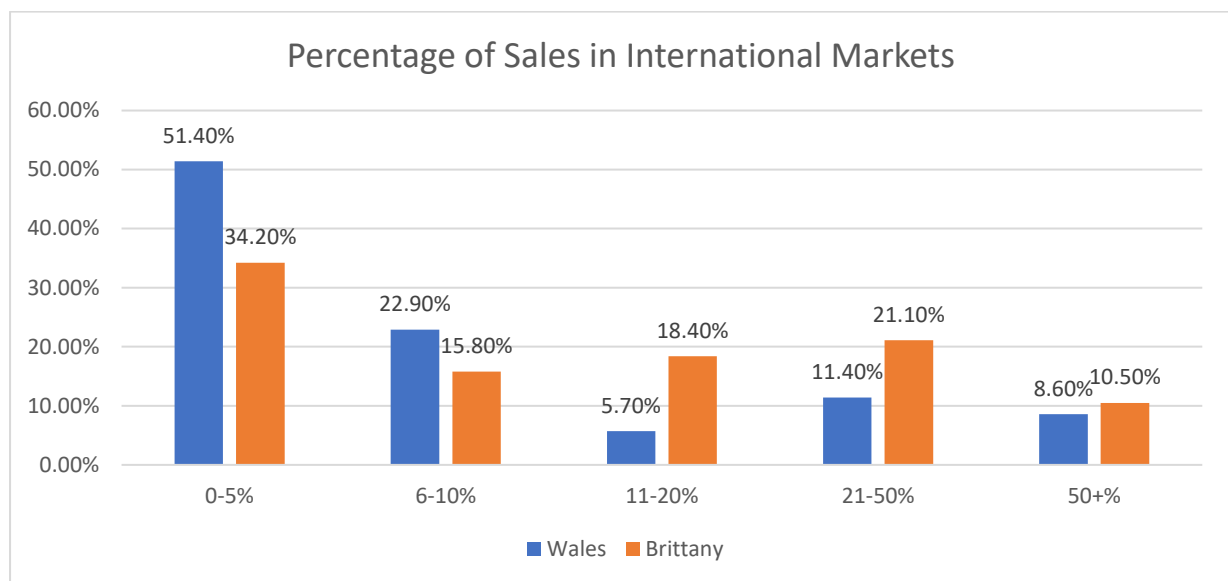
Item	Min.	Max.	Combined			Exporters		Non-Exporters	
			Mean	Standard Deviation	Rank	Mean	Standard Deviation	Mean	Standard Deviation
Take advantage of international market opportunities	1.00	5.00	3.53	1.30	1	4.10	0.87	3.09	1.41
Increase profits	1.00	5.00	3.43	1.31	2	4.01	0.96	2.99	1.36
Help company grow	1.00	5.00	3.42	1.32	3	4.04	0.95	2.95	1.37
Domestic competition is too competitive	1.00	5.00	2.65	1.19	4	3.00	1.20	2.39	1.11

Based on a 5-point Likert scale where 1=strongly disagree and 5=strongly agree

7.3.13 Exporters

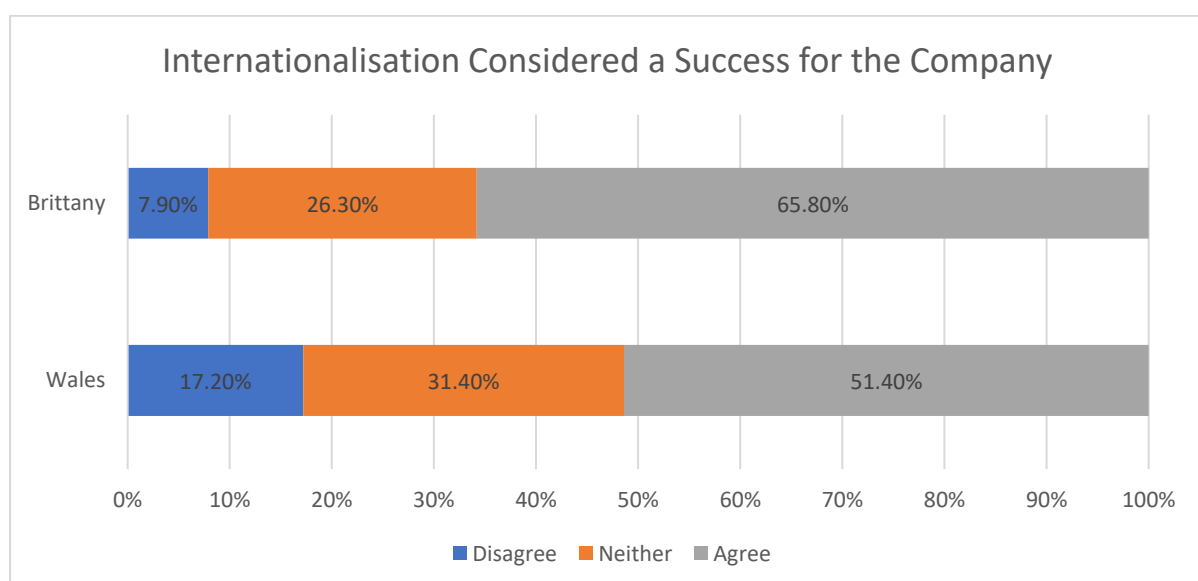
In addition to analysing the different factors that influence internationalisation based on the different constructs of the study, respondents were asked to provide information about their international activities. Firstly, respondents were asked to state the percentage of their total sales that are made in international markets. The results in Figure 7.27 present a comparison of sales in Wales and Brittany, where it is evident that the largest category for each region is 0-5% of the company's total sales, which represents 51.4% of Welsh companies and 34.2% of Breton companies. Higher percentages were observed in Brittany for the larger sales percentages, with 10.5% of Breton companies seeing more than 50% of their business activities in international markets, compared to 8.6% in Wales.

Figure 7.27: Comparing Percentage of Sales in International Markets



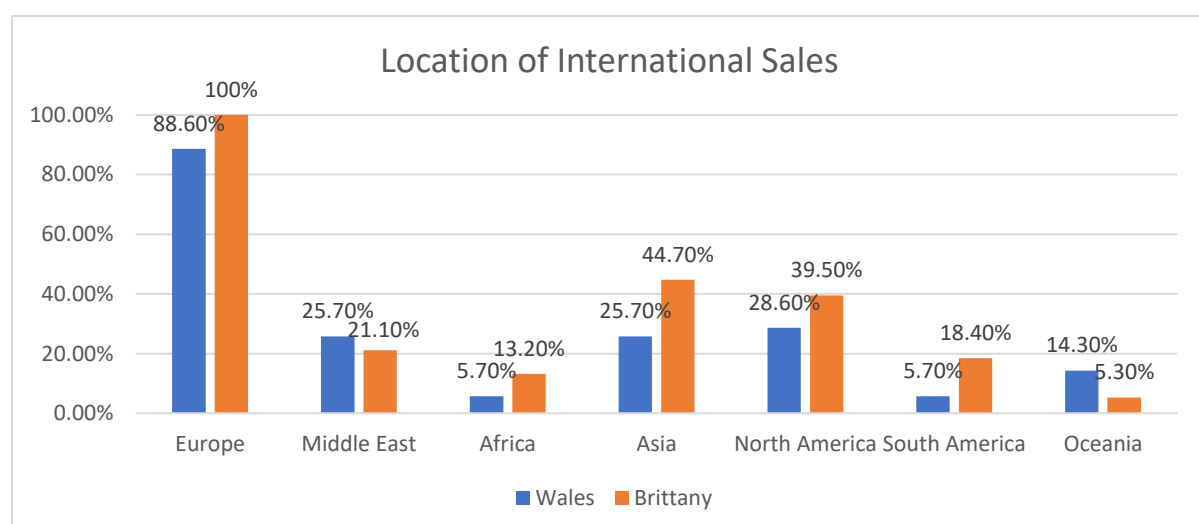
Additionally, respondents currently engaged in international activities were asked to evaluate how successful they perceived these activities to be. Results in Figure 7.28 show that internationalisation is seen to be largely successful in both regions, with higher percentages evident in the agree sections. However, Breton producers clearly have a more positive outlook of this success, with 65.8% agreeing with the statement and only 7.9% disagreeing. In Wales, 51.4% of producers agreed with the statement, with 17.2% disagreeing.

Figure 7.28: Comparing Companies' Perceptions of the Success of Internationalisation



The location of international sales is presented in Figure 7.29. Europe is a significant market for food producers in both regions, with 100% of the Breton respondents selling their products in other *European* markets, compared to 88.6% of Welsh companies. Differences are observed in the percentage of sales to other regions. All regions are represented, however Wales sees a higher percentage of sales to the *Middle East* (25.7% compared to 21.1% for Brittany) and *Oceania* (14.3% compared to 5.3%). On the other hand, Breton companies see higher sales than their Welsh counterparts in *Africa* (13.2% compared to 5.7%), *Asia* (44.7% Brittany, 25.7% Wales), *North America* (39.5% Brittany, 28.6% Wales) and *South America* (18.4% compared to 5.7%). This could partly be explained by colonisation, as Wales shows higher sales percentages in areas known for former British colonies, such as the *Middle East* and *Oceania*, whereas Breton companies see higher percentages in *Africa*. For *North America*, *South America* and *Asia*, this could be explained by Brittany having a more positive reputation for food, due to France's overall reputation for food.

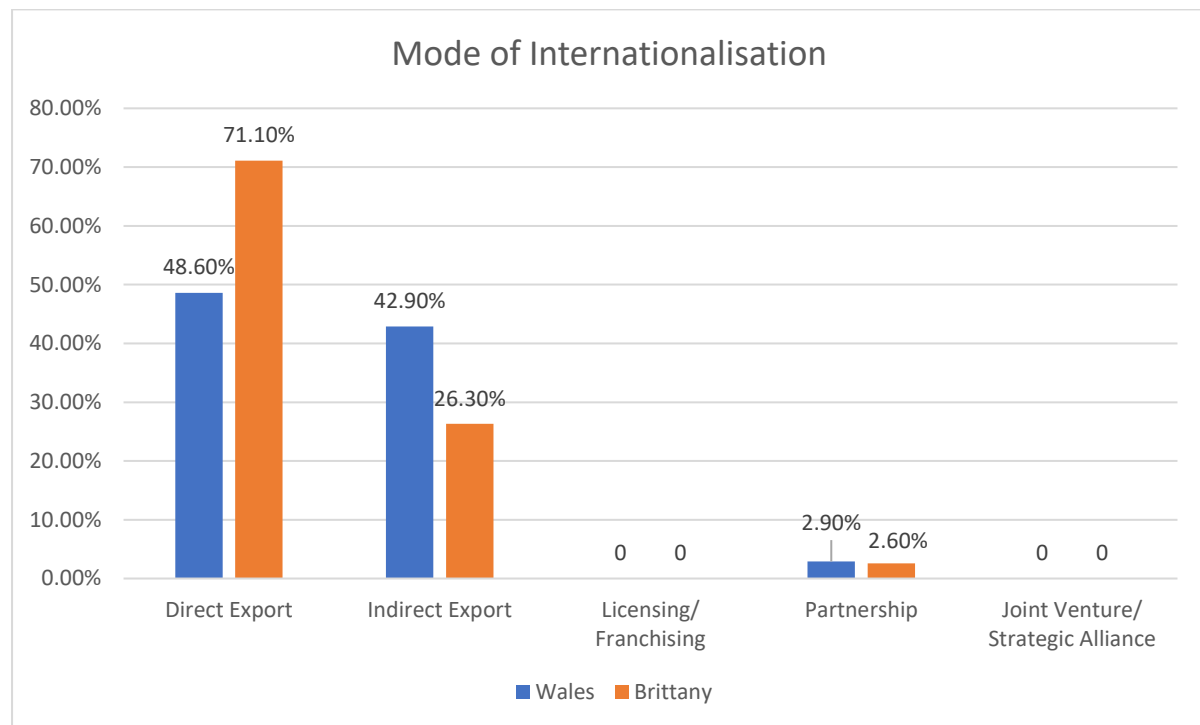
Figure 7.29: Comparing the Location of International Sales



Finally, companies were asked to explain their mode of internationalisation (Figure 7.30). Export is by the far the most common mode of export, with very few companies in each region

engaging in partnerships (2.9% in Wales, 2.6% in Brittany). For Breton companies, *direct export* was the main mode of internationalisation (71.1% compared to 48.6% in Wales), however for Welsh companies *indirect export* was more common (42.9%, 26.3% in Brittany).

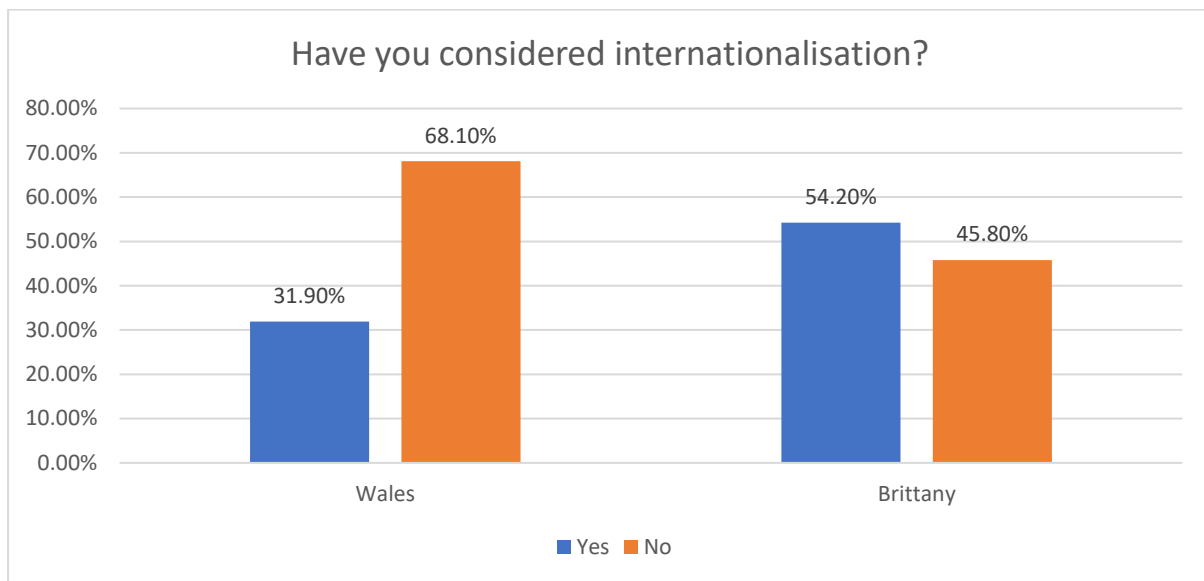
Figure 7.30: Comparing the Modes of Internationalisation



7.3.14 Non-Exporters

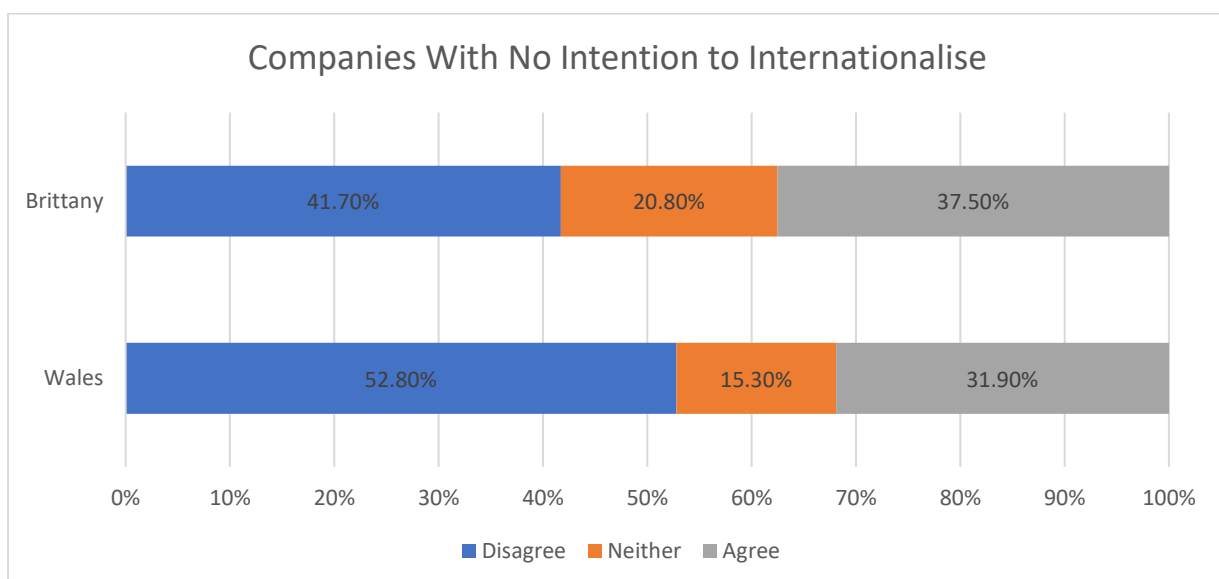
Having distinguished between currently-exporting and non-exporting companies, two questions aimed to understand the reasons why current non-exporters are not engaged in international activities. The first question, see Figure 7.31, asked respondents whether they have considered internationalisation. Clear differences can be seen in the results between Wales and Brittany, with only 31.9% of Welsh companies having considered internationalisation, compared to 54.2% in Brittany.

Figure 7.31: Comparing Non-Exporters in Considering Internationalisation



Finally, respondents were asked if they had no intention to internationalise. Conversely to the above results, the findings in Figure 7.32 highlight that more Breton companies have no intention to internationalise than their Welsh counterparts (37.5% in agreement compared to 31.9% in Wales). Additionally, the level of disagreement with the statement was greater in Wales (52.8% disagreed, compared to 41.7% in Brittany).

Figure 7.32: Comparing Companies with No Intention to Internationalise



7.4 T-Tests

This section presents results of independent samples t-tests conducted on the findings of the questionnaire comparing mean scores between exporters and non-exporters for each construct. The results presented are based on an initial Levene's test for equality of variances. Where any violations occurred, when significance values for Leven's test were greater than 0.05, alternative tests were conducted. Results are outlined hereafter by construct.

7.4.1 Resources

Results for the t-tests of the Resources construct comparing exporters and non-exporters, shown in Table 7.29, identify a significant difference for all variables, with p values ranging from $p < 0.001$ to $p = 0.006$. The size of the effect of the difference between the groups was measured using an eta squared (η^2) calculation. According to Cohen (1998), a η^2 value of 0.01 equates to a small effect, 0.06 to a moderate effect and 0.14 a large effect. As seen in the table, a small effect is seen for *foreign languages* ($p = 0.044$), moderate effects for *staff with international experience* ($p = 0.067$) and *unique resources* ($p = 0.085$), with large effects observed for all other variables. The largest effect is seen for *technology* ($p = 0.220$), meaning that 22% of the variance is explained by the company's international activity.

Table 7.29: T-Test Results for Resources by International Activity

Resources							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
for_lang	Non-Exporter	96	2.604	1.294	-2.766	0.006*	0.044
	Exporter	73	3.151	1.244			
for_mark_know	Non-Exporter	96	2.396	1.100	-4.640	0.000*	0.114
	Exporter	73	3.206	1.154			
staff_int_exp	Non-Exporter	96	2.469	1.273	-3.472	0.001*	0.067
	Exporter	73	3.164	1.312			
fin_res	Non-Exporter	96	2.448	1.132	-6.132	0.000*	0.184
	Exporter	73	3.480	1.015			
tech	Non-Exporter	96	2.740	1.049	-6.858	0.000*	0.220
	Exporter	73	3.726	0.821			
bus_net	Non-Exporter	96	2.656	1.141	-4.863	0.000*	0.124
	Exporter	73	3.507	1.107			
unique_res	Non-Exporter	96	2.823	1.076	-3.942	0.000*	0.085
	Exporter	73	3.466	1.015			

7.4.2 Product

Results for the t-tests comparing exporters and non-exporters for the Product construct are presented in Table 7.30. No significant difference is observed for the *innovative product* or *competitive product* variables ($p>0.05$), but a significant difference is observed for *adaptable product* ($p<0.05$), with the η^2 value showing a moderate effect.

Table 7.30: T-Test Results for Product by International Activity

Product							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
innovative_prod	Non-Exporter	96	3.719	0.867	-0.741	0.459	
	Exporter	73	3.822	0.933			
adaptable_prod	Non-Exporter	96	3.792	0.962	-3.343	0.001*	0.063
	Exporter	73	4.206	0.645			
competitive_prod	Non-Exporter	96	4.135	0.720	1.155	0.250	
	Exporter	73	4.000	0.799			

7.4.3 Product COO

Table 7.31 presents the results of the t-tests for the Product COO construct by international activity. No significant differences are observed in all of the variables since $p>0.05$.

Table 7.31: T-Test Results for Product COO by International Activity

Product COO							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
cult_identity_prod	Non-Exporter	96	4.156	0.998	0.307	0.759	
	Exporter	73	4.110	0.951			
prod_coo_brand	Non-Exporter	96	3.979	1.114	0.998	0.320	
	Exporter	73	3.808	1.089			
prod_icon	Non-Exporter	96	3.708	1.281	1.422	0.157	
	Exporter	73	3.425	1.290			

7.4.4 Environment Influencers

Results of the t-tests for the Environment Influencers construct between exporters and non-exporters are shown in Table 7.32. Significant differences ($p < 0.05$) are observed for the *unsolicited orders from abroad* ($p = 0.007$) and *aware of growth opportunities* variables ($p < 0.001$). Using the η^2 value, a small effect is observed for *unsolicited orders from abroad* and a medium effect for *aware of growth opportunities*.

Table 7.32: T-Test Results for Environment Influencers by International Activity

Environment Influencers							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
dom_demand_short	Non-Exporter	96	2.844	0.977	-0.035	0.972	
	Exporter	73	2.849	1.076			
unsol_int_order	Non-Exporter	96	2.969	1.000	-2.711	0.007*	0.042
	Exporter	73	3.384	0.967			
aware_growth_opps	Non-Exporter	96	3.250	1.179	-3.773	0.000*	0.079
	Exporter	73	3.822	0.788			
int_support	Non-Exporter	96	3.323	1.244	-1.101	0.273	
	Exporter	73	3.521	1.029			
broadband_acc	Non-Exporter	96	3.531	1.142	-1.005	0.316	
	Exporter	73	3.712	1.184			

7.4.5 Environment Obstacles

Results for the Environmental Obstacles construct by international activity are shown in Table 7.33. Significant differences ($p < 0.05$) are observed for variables of *logistic differences* ($p = 0.047$), *lack of company personnel* ($p = 0.047$), *a lack of company time* ($p = 0.003$), *unfamiliarity with legal practice/paperwork* ($p = 0.022$), *lack of incentive to internationalise*

($p < 0.001$), *too big a risk* (0.016) and *lack of production capacity* ($p < 0.001$). The size of the effect is small for most variables, with moderate effects seen for the *lack of incentive to internationalise* ($\eta^2 = 0.071$) and *lack of production capacity* ($\eta^2 = 0.064$) variables.

Table 7.33: T-Test Results for Environment Obstacles by International Activity

Environment Obstacles							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
fin_res_comp	Non-Exporter	96	3.490	1.142	1.499	0.136	
	Exporter	73	3.233	1.048			
foreign_mark_info	Non-Exporter	96	3.583	1.002	1.110	0.269	
	Exporter	73	3.411	0.998			
log_diff	Non-Exporter	96	3.531	1.036	1.997	0.047*	0.023
	Exporter	73	3.178	1.262			
comp_personnel	Non-Exporter	96	3.385	0.977	2.003	0.047*	0.023
	Exporter	73	3.069	1.071			
comp_time	Non-Exporter	96	3.688	1.039	3.009	0.003*	0.051
	Exporter	73	3.192	1.089			
comp_innov	Non-Exporter	96	2.417	0.970	-0.392	0.695	
	Exporter	73	2.480	1.107			
legal_diff	Non-Exporter	96	3.677	1.071	2.315	0.022*	0.031
	Exporter	73	3.288	1.099			
int_incentive	Non-Exporter	96	3.427	1.023	3.561	0.000*	0.071
	Exporter	73	2.877	0.957			
int_comp	Non-Exporter	96	3.083	0.959	-0.661	0.510	
	Exporter	73	3.192	1.126			
pol_diff	Non-Exporter	96	2.979	0.929	0.045	0.964	
	Exporter	73	2.973	0.957			
cult_diff	Non-Exporter	96	3.021	0.973	-1.460	0.146	
	Exporter	73	3.247	1.024			
too_big_risk	Non-Exporter	96	3.042	0.962	2.437	0.016*	0.034
	Exporter	73	2.671	1.001			
production_cap	Non-Exporter	96	3.490	1.338	3.381	0.001*	0.064
	Exporter	73	2.808	1.243			
prod_demand	Non-Exporter	96	2.542	1.104	-0.113	0.910	
	Exporter	73	2.562	1.178			

7.4.6 Network

Results for the Network construct show a small significant difference evident for the *R&D cooperation* variable ($p = 0.019$, $\eta^2 = 0.032$) between exporters and non-exporters. No

significant difference is observed for *business cooperation* ($p=0.931$) or *contact with expatriates* ($p=0.881$).

Table 7.34: T-Test Results for Network by International Activity

Network							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
bus_coop	Non-Exporter	96	3.219	1.126	-0.087	0.931	
	Exporter	73	3.233	0.936			
r&d_coop	Non-Exporter	96	2.865	0.936	-2.365	0.019*	0.032
	Exporter	73	3.219	1.003			
expat_contact	Non-Exporter	96	3.427	1.122	-0.150	0.881	
	Exporter	73	3.452	1.001			

7.4.7 Support

T-tests conducted between exporters and non-exporters for the Support construct (see Table 7.35) show a significant difference ($p<0.05$) observed only for the *chamber of commerce* variable ($p=0.024$). With a η^2 value of 0.030 this difference is small. No significant differences were observed for all other variables, since $p>0.05$.

Table 7.35: T-Test Results for Support by International Activity

Support							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
distrib	Non-Exporter	96	3.802	1.111	-0.198	0.844	
	Exporter	73	3.836	1.067			
overs_mark_agent	Non-Exporter	96	3.427	1.054	-0.155	0.877	
	Exporter	73	3.452	1.014			
gov	Non-Exporter	96	3.385	1.050	-0.160	0.873	
	Exporter	73	3.411	0.998			
local_uni	Non-Exporter	96	2.823	0.918	1.612	0.109	
	Exporter	73	2.575	1.040			
exp_consultant	Non-Exporter	96	3.198	1.062	0.687	0.493	
	Exporter	73	3.082	1.115			
banks	Non-Exporter	96	2.917	1.185	-0.640	0.523	
	Exporter	73	3.027	1.013			
chamber_com	Non-Exporter	96	2.938	1.054	-2.271	0.024*	0.030
	Exporter	73	3.315	1.091			

7.4.8 Support Aspects

Results comparing exporters and non-exporters for the Support Aspects construct (see Table 7.36) identify significant differences ($p < 0.05$) for the *support training* ($p = 0.005$, $\eta^2 = 0.046$) and *R&D support* ($p = 0.015$, $\eta^2 = 0.035$) variables. Using the η^2 calculation, it can be observed that the size of the effect is rather small, according to Cohen's (1988) guidelines.

Table 7.36: T-Test Results for Support Aspects by International Activity

Support Aspects							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
support_mark_info	Non-Exporter	96	3.677	1.071	0.644	0.520	
	Exporter	73	3.575	0.942			
support_trade_fair	Non-Exporter	96	3.708	1.065	-1.693	0.092	
	Exporter	73	3.973	0.957			
support_financial	Non-Exporter	96	3.781	1.154	0.458	0.648	
	Exporter	73	3.699	1.175			
support_training	Non-Exporter	96	3.688	1.049	2.838	0.005*	0.046
	Exporter	73	3.233	1.007			
support_r&d	Non-Exporter	96	3.510	1.076	2.465	0.015*	0.035
	Exporter	73	3.110	1.008			
support_network	Non-Exporter	96	3.792	1.142	1.008	0.315	
	Exporter	73	3.616	1.088			

7.4.9 Owner-Manager Experience

For the Owner-Manager Experience construct, two variables were identified with significant differences between exporters and non-exporters (see Table 7.37). A moderate difference was identified for the *work with international partners* variable ($p < 0.001$, $\eta^2 = 0.073$) and a large significance was identified for the *business travel abroad* variable ($p < 0.001$, $\eta^2 = 0.135$).

Table 7.37: T-Test Results for Owner-Manager Experience by International Activity

Owner-Manager Experience							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
dir_bus_qual	Non-Exporter	96	0.427	0.497	-0.851	0.396	
	Exporter	73	0.493	0.503			
dir_live_abroad	Non-Exporter	96	0.396	0.492	1.881	0.062	
	Exporter	73	0.260	0.442			
dir_study_abroad	Non-Exporter	96	0.250	0.435	0.051	0.960	
	Exporter	73	0.247	0.434			
dir_work_abroad	Non-Exporter	96	0.396	0.492	0.161	0.872	
	Exporter	73	0.384	0.490			
dir_bus_travel_abroad	Non-Exporter	96	0.510	0.503	-5.104	0.000*	0.135
	Exporter	73	0.849	0.360			
dir_work_for_comp	Non-Exporter	96	0.250	0.435	-0.740	0.460	
	Exporter	73	0.301	0.462			
dir_work_int_partner	Non-Exporter	96	0.344	0.477	-3.638	0.000*	0.073
	Exporter	73	0.616	0.490			

7.4.10 Company Motivation

Results between exporters and non-exporters for the Company Motivation construct (Table 7.38) showed no significant difference for the *risk* variable ($p=0.505$), with significant differences evident for all other variables. A small significant difference was evident for the variable of *encouraged to internationalise by a government institution* ($p=0.036$, $\eta^2=0.026$), however, large significant differences were seen for *seeking internationalisation* ($p<0.001$, $\eta^2=0.266$), *intention to internationalise from day 1* ($p<0.001$, $\eta^2=0.197$), *response to international demand* ($p<0.001$, $\eta^2=0.116$) and *encouraged to internationalise by a business partner* ($p<0.001$, $\eta^2=0.104$).

Table 7.38: T-Test Results for Company Motivation by International Activity

Company Motivation							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
risk	Non-Exporter	96	3.417	1.063	-0.668	0.505	
	Exporter	73	3.521	0.915			
seek_int	Non-Exporter	96	2.198	1.278	-7.787	0.000*	0.266
	Exporter	73	3.630	1.048			
intent_int	Non-Exporter	96	1.979	1.086	-6.408	0.000*	0.197
	Exporter	73	3.096	1.169			
resp_int_demand	Non-Exporter	96	2.875	1.324	-4.689	0.000*	0.116
	Exporter	73	3.658	0.837			
int_gov_inst	Non-Exporter	96	2.177	1.179	-2.119	0.036*	0.026
	Exporter	73	2.548	1.055			
int_bus_part	Non-Exporter	96	1.854	0.940	-4.392	0.000*	0.104
	Exporter	73	2.562	1.105			

7.4.11 Owner-Manager Motivation

Significant differences were observed between exporters and non-exporters for all variables of the Owner-Manager Motivation construct (see Table 7.39). A moderate effect is evident for the *domestic market too competitive* variable ($p=0.001$, $\eta^2=0.066$) and large effects are observed for the *help company grow* ($p<0.001$, $\eta^2=0.183$), *increase profits* ($p<0.001$, $\eta^2=0.163$) and *take advantage of foreign market opportunities* ($p<0.001$, $\eta^2=0.163$) variables.

Table 7.39: T-Test Results for Owner-Manager Motivation by International Activity

Owner-Manager Motivation							
Variable	Internationalise	N	Mean	Std. Deviation	t	Sig	η^2
int_grow_comp	Non-Exporter	96	2.948	1.372	-6.117	0.000*	0.183
	Exporter	73	4.041	0.949			
int_incr_profit	Non-Exporter	96	2.990	1.365	-5.711	0.000*	0.163
	Exporter	73	4.014	0.965			
int_mark_opp	Non-Exporter	96	3.094	1.407	-5.695	0.000*	0.163
	Exporter	73	4.096	0.869			
int_dom_mark_comp	Non-Exporter	96	2.385	1.109	-3.442	0.001*	0.066
	Exporter	73	3.000	1.202			

7.5 Correlation Analysis

Having established validity and reliability of the various constructs of the study, as well as conducting more basic descriptive and comparative analyses, the aim of this section is to present results from a correlation analysis. Spearman's rho was used for the correlation analysis, given that the majority of the data is ordinal. Correlation coefficients range from -1 (negative correlation) to 1 (positive correlation), with 0 representing no correlation. The strength of the relationship is assessed based on guidelines by Cohen (1998), where $r=0.10$ to 0.29 indicates a small relationship, $r=0.30-0.49$ medium and $r=0.50-1.0$ indicates a large correlation.

7.5.1 Company Characteristics

Results in Table 7.40 identify significant positive correlations for the *company age*, *company size* and *international business strategy* variables, implying that as each variable increased, the likelihood of internationalisation increased. With coefficient values of $0.404-0.481$, these relationships are of medium strength based on Cohen's (1988) guidelines. Additionally, for the combined results, a negative correlation is observed for the *independent* variable, implying that as companies are less independent, internationalisation is more likely.

Table 7.40: Correlation Results for Company Characteristics

Variable	N	Correlation Coefficient	Sig. (2-tailed)
independent	169	-0.178*	0.020
comp_age	169	0.404**	0.000
comp_size	169	0.475**	0.000
comp_loc	169	0.071	0.359
int_bus_strat	169	0.481**	0.000

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

7.5.2 Resources

Combined results for the Resources construct in Table 7.41 indicate a positive correlation for all the variables, implying that the likelihood of internationalisation increases as the level of each resource increases. The strength of correlations range from 0.215 to 0.455, indicating small to medium correlations.

Table 7.41: Correlation Results for the Resources Construct

Variable	N	Correlation Coefficient	Sig. (2-tailed)
for_lang	169	0.215**	0.005
for_mark_know	169	0.332**	0.000
staff_int_exp	169	0.259**	0.001
fin_res	169	0.436**	0.000
tech	169	0.455**	0.000
bus_net	169	0.348**	0.000
uniqu_res	169	0.289**	0.000

** Correlation is significant at the 0.01 level (2-tailed).

7.5.3 Product

Adaptable product is the only variable that showed a significant correlation in the combined results (Table 7.42), with a small positive correlation evident. Therefore, as the likelihood of the product being adaptable increases, so does the likelihood of internationalisation.

Table 7.42: Correlation Results for the Product Construct

Variable	N	Correlation Coefficient	Sig. (2-tailed)
innovative_prod	169	0.065	0.404
adaptable_prod	169	0.221**	0.004
competitive_prod	169	-0.074	0.339

** Correlation is significant at the 0.01 level (2-tailed).

7.5.4 Product COO

Results for the Product COO construct (Table 7.43) indicate no significant correlations for the variables.

Table 7.43: Correlation Results for the Product COO Construct

Variable	N	Correlation Coefficient	Sig. (2-tailed)
cult_identity_prod	169	-0.040	0.607
prod_coo_brand	169	-0.091	0.239
prod_icon	169	-0.116	0.133

Investigating the relationship between the company possessing a product with a *PDO/PGI* status and internationalisation (Table 7.44), a small positive correlation is evident, suggesting that possessing a protected food name can have a positive impact on internationalisation.

Table 7.44: Correlation Results for the PDO/PGI Variable

Variable	N	Correlation Coefficient	Sig. (2-tailed)
pdo_pgi	169	0.175*	0.023

* Correlation is significant at the 0.05 level (2-tailed).

Results for the *regional reputation* variable (Table 7.45) highlights a small positive correlation between the positive regional reputation and internationalisation, highlighting that the perception of the region having a positive reputation has an influence on internationalisation.

Table 7.45: Correlation Results for the Regional Reputation Variable

Variable	N	Correlation Coefficient	Sig. (2-tailed)
reg_rep	169	0.157*	0.041

* Correlation is significant at the 0.05 level (2-tailed).

7.5.5 Environmental Influencers

Table 7.46 presents the results for the Environment Influencers construct. Results indicate a small positive correlation for the *unsolicited orders from abroad* and *aware of growth opportunities* variables, meaning that as these increase, the likelihood of internationalisation also increases.

Table 7.46: Correlation Results for the Environment Influencers Construct

Variable	N	Correlation Coefficient	Sig. (2-tailed)
dom_demand_short	169	0.019	0.805
unsol_int_order	169	0.215**	0.005
aware_growth_opps	169	0.261**	0.001
int_support	169	0.078	0.315
broadband_acc	169	0.098	0.207

** Correlation is significant at the 0.01 level (2-tailed).

7.5.6 Environmental Obstacles

For the combined results of the Environment Obstacles construct (Table 7.47), small negative correlations were observed for the *company time*, *lack of incentive to internationalise*, *legal differences*, *too big a risk* and *lack of production capacity*. This indicates that as the level of each of these variables decreases, the likelihood of internationalisation increases.

Table 7.47: Correlation Results for the Environment Obstacles Construct

Variable	N	Correlation Coefficient	Sig. (2-tailed)
fin_res_comp	169	-0.132	0.086
foreign_mark_info	169	-0.089	0.247
log_diff	169	-0.146	0.057
comp_personnel	169	-0.138	0.073
comp_time	169	-0.221**	0.004
comp_innov	169	0.007	0.931
legal_diff	169	-0.182*	0.018
int_incentive	169	-0.267**	0.000
int_comp	169	0.047	0.546
pol_diff	169	-0.018	0.813
cult_diff	169	0.116	0.132
too_big_risk	169	-0.209**	0.006
production_cap	169	-0.256**	0.001
prod_demand	169	-0.012	0.875

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

7.5.7 Network

Network results indicate a small positive correlation evident for the *R&D cooperation* variable in the combined results, suggesting that greater R&D cooperation increases the likelihood of a company internationalising.

Table 7.48: Correlation Results for the Network Construct

Variable	N	Correlation Coefficient	Sig. (2-tailed)
bus_coop	169	-0.022	0.774
r&d_coop	169	0.169*	0.028
expat_contact	169	0.001	0.992

* Correlation is significant at the 0.05 level (2-tailed).

7.5.8 Support

Investigating the *support aware* variable, results in Table 7.49 show that a small positive correlation exists. This implies that the greater the awareness a company has for support in internationalising, the more likely the company is to internationalise.

Table 7.49: Correlation Results for the Support Aware Variable

Variable	N	Correlation Coefficient	Sig. (2-tailed)
support_aware	169	0.249**	0.001

** Correlation is significant at the 0.01 level (2-tailed).

When considering the results for the Support construct, Table 7.50 identifies only the *chamber of commerce* variable as having a significant correlation, showing a small positive correlation to internationalisation.

Table 7.50: Correlation Results for the Support Construct

Variable	N	Correlation Coefficient	Sig. (2-tailed)
distrib	169	0.014	0.861
overs_mark_agent	169	-0.006	0.942
gov	169	0.016	0.841
local_uni	169	-0.129	0.096
exp_consultant	169	-0.049	0.530
banks	169	0.039	0.612
chamber_com	169	0.200**	0.009

** Correlation is significant at the 0.01 level (2-tailed).

7.5.9 Support Aspects

Results in Table 7.51 present the correlation analysis for the Support Aspects construct, highlighting small negative relationships with the *support training* and *R&D support* variables, implying that as these decrease, the likelihood of internationalisation increases.

Table 7.51: Correlation Results for the Support Aspects Construct

Variable	N	Correlation Coefficient	Sig. (2-tailed)
support_mark_info	169	-0.052	0.504
support_trade_fair	169	0.135	0.081
support_financial	169	-0.030	0.695
support_training	169	-0.206**	0.007
support_r&d	169	-0.186*	0.016
support_network	169	-0.086	0.264

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

7.5.10 Owner-Manager Characteristics

Investigating the results for the characteristics of the owner-manager, it is evident from Table 7.52 that a small negative correlation exists for the *gender* variable.

Table 7.52: Correlation Results for Owner-Manager Characteristics

Variable	N	Correlation Coefficient	Sig. (2-tailed)
dir_gender	169	-0.180*	0.019
dir_age	169	0.056	0.467
dir_qual	169	0.061	0.434

* Correlation is significant at the 0.05 level (2-tailed).

7.5.11 Owner-Manager Experience

Results in Table 7.53 for the Owner-Manager Experience construct document a positive correlation for the *business travel abroad* (medium correlation) and *worked with an international partner* (small) variables. This means that internationalisation is more likely to occur as these variables increase.

Table 7.53: Correlation Results for the Owner-Manager Experience Construct

Variable	N	Correlation Coefficient	Sig. (2-tailed)
dir_bus_qual	169	0.066	0.396
dir_live_abroad	169	-0.142	0.065
dir_study_abroad	169	-0.004	0.960
dir_work_abroad	169	-0.012	0.872
dir_bus_travel_abroad	169	0.354**	0.000
dir_work_for_comp	169	0.057	0.460
dir_work_int_partner	169	0.271**	0.000

** Correlation is significant at the 0.01 level (2-tailed).

7.5.12 Company Motivation

Results for the Company Motivation construct in Table 7.54 indicate a number of correlations between the variables and internationalisation. Small positive correlations are evident for the *encouraged to internationalise by a government institution* and *respond to international demand* variables. Medium positive correlations are evident for the *encouraged to internationalise by a business partner* and *intention to internationalise from day 1* variables. A strong positive correlation is evident for the *actively seek internationalisation* variable. It is evident that as these variables increase, the likelihood of internationalisation also increases.

Table 7.54: Correlation Results for the Company Motivation Construct

Variable	N	Correlation Coefficient	Sig. (2-tailed)
risk	169	0.042	0.586
seek_int	169	0.521**	0.000
intent_int	169	0.443**	0.000
resp_int_demand	169	0.273**	0.000
int_gov_inst	169	0.179*	0.020
int_bus_part	169	0.327**	0.000

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

7.5.13 Owner-Manager Motivation

Owner-Manager Motivation results are presented in Table 7.55. Positive correlations are evident for all variables in the combined results. This suggests that as the level of motivation for each variable increases, internationalisation also increases.

Table 7.55: Correlation Results for the Owner-Manager Motivation Construct

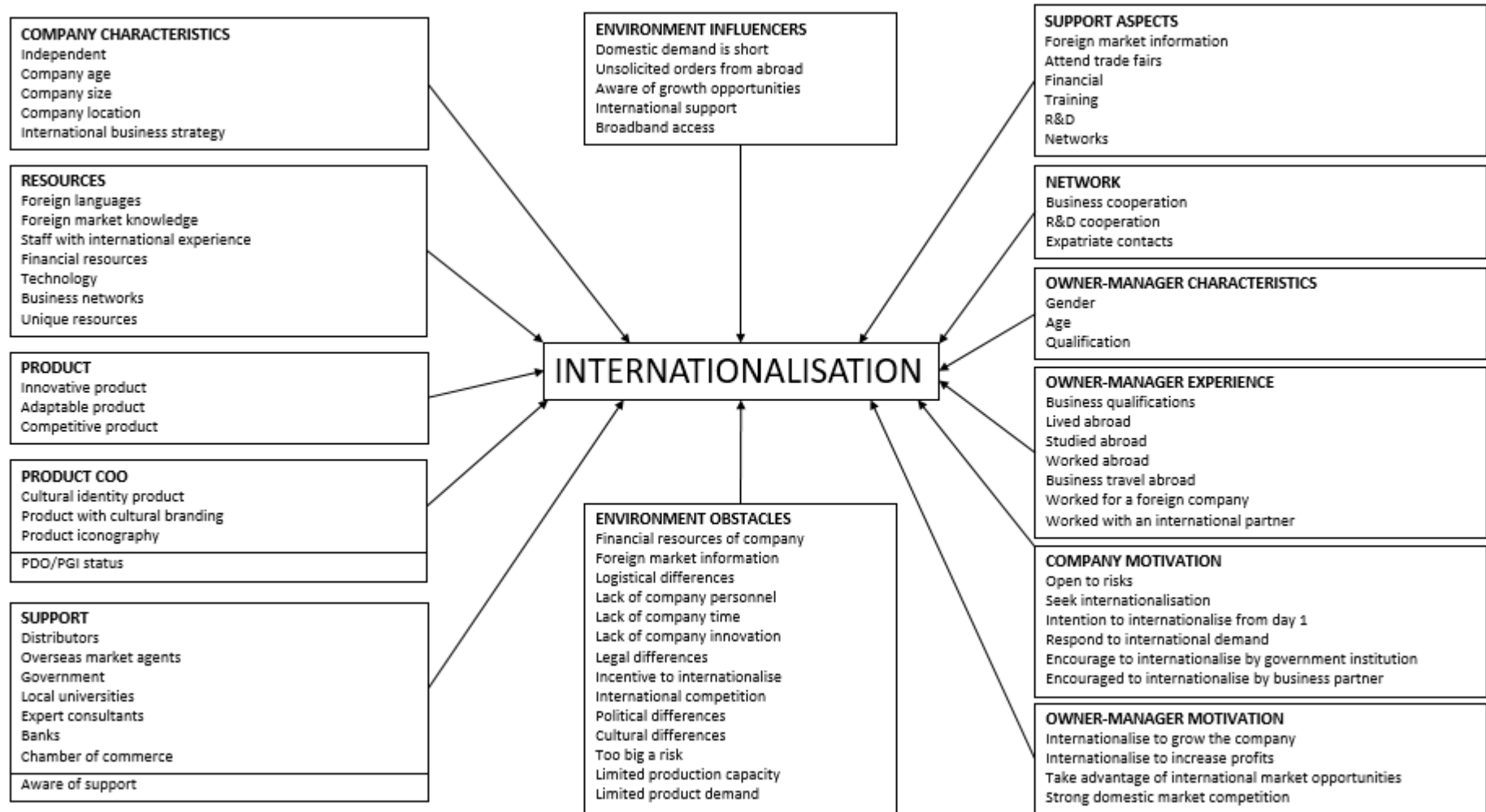
Variable	N	Correlation Coefficient	Sig. (2-tailed)
int_grow_comp	169	0.403**	0.000
int_incr_profit	169	0.387**	0.000
int_mark_opp	169	0.364**	0.000
int_dom_mark_comp	169	0.250**	0.001

** Correlation is significant at the 0.01 level (2-tailed).

7.6 Logistic Regression

Having seen patterns emerging from the descriptive statistics in the previous sections, it is relevant to conduct further analysis to explore the relationships that exist between the different independent variables evident in the constructs seen above and the dependent variable, internationalisation. Given the nature of the study with a large number of variables under consideration, a logistic regression analysis is considered necessary here. This method of analysis is based on the methods of Baron and Kenney (1986) in examining mediating and moderator effects. Using the logistic regression approach, the aim of this section is to seek relationships that exist between the different mediating factors (independent variables) and the propensity of a food and drink SME to internationalise (dependent variable). The logistic regression model for this part of the study uses the same constructs as seen throughout this chapter, with the numerous variables of each construct being tested for their relationship with internationalisation. The model, presented in Figure 7.33 below, identifies 72 variables to internationalisation divided between the 13 constructs. This underlines the complex nature of the study and the need to consider all variables as potential influences on the internationalisation of food and drink SMEs. As a consequence, it was decided not to set hypotheses for the logistic regression, but to take an exploratory approach.

Figure 7.33: Logistic Regression model for this Study



7.6.1 Company Characteristics

Results for the company characteristics variables in Table 7.56 points to the statistical significance of three variables (since $p < 0.05$), *company age*, *company size* and the possession of an *international business strategy*. A positive relationship is observed for these variables (given a positive B value), suggesting that as the company age, company size and likelihood of the company to have an international business strategy increases, the likelihood of the company internationalising also increases.

Table 7.56: Logistic Regression Results for Company Characteristics

Variable	B	S.E.	Sig.
independent	-0.986	1.238	0.426
comp_age	0.393	0.158	0.013*
comp_size	1.156	0.361	0.001*
comp_loc	-0.100	0.319	0.753
int_bus_strat	0.804	0.177	0.000*
Constant	-4.483	1.610	0.005
Chi-square	74.002		0.000
Cox and Snell R square	0.355		
Nagelkerke R Square	0.476		
Percentage correct predictions	74.00%		

7.6.2 Resources

Results for the Resources construct (see Table 7.57) identified access to *technology* as the strongest predictor of internationalisation, as the only significant variable, showing a positive relationship. This suggests the more access to technology increases, the greater the likelihood of internationalisation.

Table 7.57: Logistic Regression Results for the Resources Construct

Variable	B	S.E.	Sig.
for_lang	0.149	0.203	0.462
for_mark_know	0.166	0.246	0.499
staff_int_exp	-0.017	0.215	0.938
fin_res	0.318	0.232	0.171
tech	0.904	0.258	0.000*
bus_net	0.213	0.225	0.344
uniqu_res	-0.223	0.254	0.381
Constant	-5.004	0.964	0.000
Chi-square	50.627		0.000
Cox and Snell R square	0.259		
Nagelkerke R Square	0.347		
Percentage correct predictions	74.00%		

7.6.3 Product

Table 7.58 presents the results for the logistic regression of the Product construct, identifying two statistically significant variables as *adaptable product* and *competitive product*. A positive relationship is observed for the *adaptable product* variable, suggesting that the more adaptable the product, the more likely internationalisation is. Conversely, a negative relationship is evident for competitive products, implying that a less competitive product is more likely to internationalise.

Table 7.58: Logistic Regression Results for the Product Construct

Variable	B	S.E.	Sig.
innovative_prod	-0.013	0.195	0.949
adaptable_prod	0.765	0.239	0.001*
competitive_prod	-0.468	0.229	0.041*
Constant	-1.394	1.123	0.214
Chi-square	14.596		0.002
Cox and Snell R square	0.083		
Nagelkerke R Square	0.111		
Percentage correct predictions	58.00%		

7.6.4 Product COO

Results for the Product COO construct shown in Table 7.59 below, highlight that no statistically significant variables were identified for the combined results.

Table 7.59: Logistic Regression Results for the Product COO Construct

Variable	B	S.E.	Sig.
cult_identity_prod	0.089	0.213	0.676
prod_coo_brand	-0.050	0.239	0.835
prod_icon	-0.172	0.173	0.321
Constant	0.166	0.701	0.813
Chi-square	2.195		0.533
Cox and Snell R square	0.013		
Nagelkerke R Square	0.017		
Percentage correct predictions	55.00%		

It is evident from Table 7.60 that the *PDO/PGI* variable was statistically significant for the combined results, with a positive relationship, implying that the more likely a company is to possess a product with a PDO or PGI status, the more likely the company is to internationalise.

Table 7.60: Logistic Regression for the PDO/PGI variable

Variable	B	S.E.	Sig.
pdo_pgi	0.998	0.450	0.027*
Constant	-0.423	0.170	0.013
Chi-square	5.143		0.023
Cox and Snell R square	0.030		
Nagelkerke R Square	0.040		
Percentage correct predictions	60.90%		

7.6.5 Environmental Influencers

The strongest predictor of internationalisation in the Environment Influencers construct (Table 7.61) was *awareness of growth opportunities*, with a positive relationship to internationalisation. This was the only significant variable, implying that the more aware a company is to opportunities for growth, the more likely the company is to internationalise.

Table 7.61: Logistic Regression Results for the Environmental Influencers Construct

Variable	B	S.E.	Sig.
dom_demand_short	-0.305	0.184	0.097
unsol_int_order	0.341	0.184	0.064
aware_growth_opps	0.836	0.250	0.001*
int_support	-0.376	0.216	0.081
broadband_acc	0.112	0.168	0.505
Constant	-2.585	0.894	0.004
Chi-square	21.287		0.001
Cox and Snell R square	0.118		
Nagelkerke R Square	0.159		
Percentage correct predictions	63.90%		

7.6.6 Environmental Obstacles

Investigating the Environment Obstacles construct (Table 7.62), statistically significant variables from the results are identified as a *lack of incentive to internationalise*, showing a negative relationship, meaning that the less a company experiences a lack of incentive, the less likely this is to be a barrier to internationalisation. Other significant variables with a negative relationship were *internationalisation considered too big a risk* and a *lack of production capacity*. As these decrease, the likelihood of these acting as barriers to internationalisation also decreases. A positive relationship was observed for the statistically significant *cultural difference* variable, suggesting that a lower level of cultural differences represents a greater barrier to internationalisation.

Table 7.62: Logistic Regression Results for the Environment Obstacles Construct

Variable	B	S.E.	Sig.
fin_res_comp	-0.038	0.206	0.853
foreign_mark_info	0.162	0.283	0.568
log_diff	-0.062	0.208	0.766
comp_personnel	-0.013	0.259	0.960
comp_time	-0.108	0.241	0.652
comp_innov	0.303	0.209	0.148
legal_diff	-0.020	0.239	0.932
int_incentive	-0.663	0.241	0.006*
int_comp	0.196	0.232	0.399
pol_diff	-0.067	0.275	0.807
cult_diff	0.574	0.267	0.031*
too_big_risk	-0.646	0.255	0.011*
production_cap	-0.427	0.179	0.017*
prod_demand	0.411	0.227	0.070
Constant	1.284	0.887	0.148
Chi-square	40.737		0.000
Cox and Snell R square	0.214		
Nagelkerke R Square	0.287		
Percentage correct predictions	74.00%		

7.6.7 Network

Results for the Network construct (see Table 7.63) identify the *R&D cooperation* variable as being statistically significant, with a positive relationship showing that the greater the access to R&D cooperation, the more likely the company is to internationalise.

Table 7.63: Logistic Regression Results for the Network Construct

Variable	B	S.E.	Sig.
bus_coop	-0.430	0.250	0.086
r&d_coop	0.737	0.245	0.003*
expat_contact	-0.054	0.196	0.784
Constant	-0.938	0.620	0.130
Chi-square	10.141		0.017
Cox and Snell R square	0.058		
Nagelkerke R Square	0.078		
Percentage correct predictions	64.50%		

7.6.8 Support

Considering the *awareness of support* variable, it is evident from Table 7.64 that this variable is statistically significant, showing a positive relationship. This means that the more a company is aware of support, the more likely they are to internationalise.

Table 7.64: Logistic Regression Results for the Awareness of Support Variable

Variable	B	S.E.	Sig.
support_aware	0.482	0.152	0.002*
Constant	-1.845	0.530	0.000
Chi-square	10.939		0.001
Cox and Snell R square	0.063		
Nagelkerke R Square	0.084		
Percentage correct predictions	59.20%		

Results for the Support construct are presented in Table 7.65 below. It is evident that support from local universities is statistically significant, with a negative relationship showing that the less support a company receives from a university, the more likely the company is to internationalise. Additionally, the *chamber of commerce* variable was significant with a positive relationship, acting as a means to influence internationalisation.

Table 7.65: Logistic Regression Results for the Support Construct

Variable	B	S.E.	Sig.
distrib	0.047	0.218	0.830
overs_mark_agent	0.015	0.232	0.949
gov	0.002	0.223	0.991
local_uni	-0.770	0.249	0.002*
exp_consultant	-0.100	0.228	0.662
banks	0.144	0.205	0.482
chamber_com	0.712	0.215	0.001*
Constant	-0.755	0.761	0.321
Chi-square	19.136		0.008
Cox and Snell R square	0.107		
Nagelkerke R Square	0.144		
Percentage correct predictions	66.90%		

7.6.9 Support Aspects

Results for the Support Aspects construct, shown in Table 7.66, identify *support in attending international trade fairs* as being statistically significant for all results, with a strongly positive relationship evident for each, highlighting the significance of support in attending trade fairs to internationalisation. Support in training was also statistically significant, having a positive relationship with internationalisation.

Table 7.66: Logistic Regression Results for the Support Aspects Construct

Variable	B	S.E.	Sig.
support_mark_info	-0.379	0.347	0.274
support_trade_fair	1.904	0.427	0.000*
support_financial	0.097	0.288	0.737
support_training	-0.970	0.327	0.003*
support_r&d	-0.425	0.266	0.110
support_network	-0.472	0.353	0.181
Constant	0.018	0.716	0.980
Chi-square	43.461		0.000
Cox and Snell R square	0.227		
Nagelkerke R Square	0.304		
Percentage correct predictions	74.00%		

7.6.10 Owner-Manager Characteristics

Results in Table 7.67 identify statistical significance for the owner-manager gender, showing a negative relationship.

Table 7.67: Logistic Regression Results for Owner-Manager Characteristics

Variable	B	S.E.	Sig.
dir_gender	-0.948	0.426	0.026*
dir_age	0.113	0.131	0.386
dir_qual	0.125	0.128	0.326
Constant	-0.984	0.788	0.212
Chi-square	7.143		0.067
Cox and Snell R square	0.041		
Nagelkerke R Square	0.056		
Percentage correct predictions	58.60%		

7.6.11 Owner-Manager Experience

Results of the Owner-manager Experience construct (Table 7.99) identify the *lived abroad* and *business travel abroad* variables as being statistically significant, with a strongly negative relationship evident for the *lived abroad* variable and a strongly positive relationship for the *business travel abroad* variable.

Table 7.68: Logistic Regression Results for the Owner-Manager Experience Construct

Variable	B	S.E.	Sig.
dir_bus_qual	-0.142	0.382	0.710
dir_live_abroad	-1.508	0.614	0.014*
dir_study_abroad	0.074	0.551	0.893
dir_work_abroad	0.102	0.505	0.841
dir_bus_travel_abroad	1.530	0.461	0.001*
dir_work_for_comp	0.542	0.499	0.277
dir_work_int_partner	0.728	0.405	0.072
Constant	-1.335	0.355	0.000
Chi-square	35.438		0.000
Cox and Snell R square	0.189		
Nagelkerke R Square	0.254		
Percentage correct predictions	68.60%		

7.6.12 Company Motivation

Results for company motivation varied between the different regions, as evident in Table 7.69. The openness of the company to taking risks and the proactiveness of the company in seeking internationalisation were both statistically significant, although a negative relationship was observed for the *risk* variable and a positive relationship for the *seek internationalisation* variable.

Table 7.69: Logistic Regression Results for the Company Motivation Construct

Variable	B	S.E.	Sig.
risk	-0.458	0.223	0.040*
seek_int	0.738	0.212	0.000*
intent_int	0.357	0.207	0.085
resp_int_demand	0.177	0.206	0.391
int_gov_inst	-0.161	0.201	0.425
int_bus_part	0.347	0.222	0.118
Constant	-2.776	0.877	0.002
Chi-square	60.210		0.000
Cox and Snell R square	0.300		
Nagelkerke R Square	0.402		
Percentage correct predictions	76.90%		

7.6.13 Owner-Manager Motivation

Results for the Owner-Manager Motivation construct (see Table 7.70) highlight no statistically significant variables.

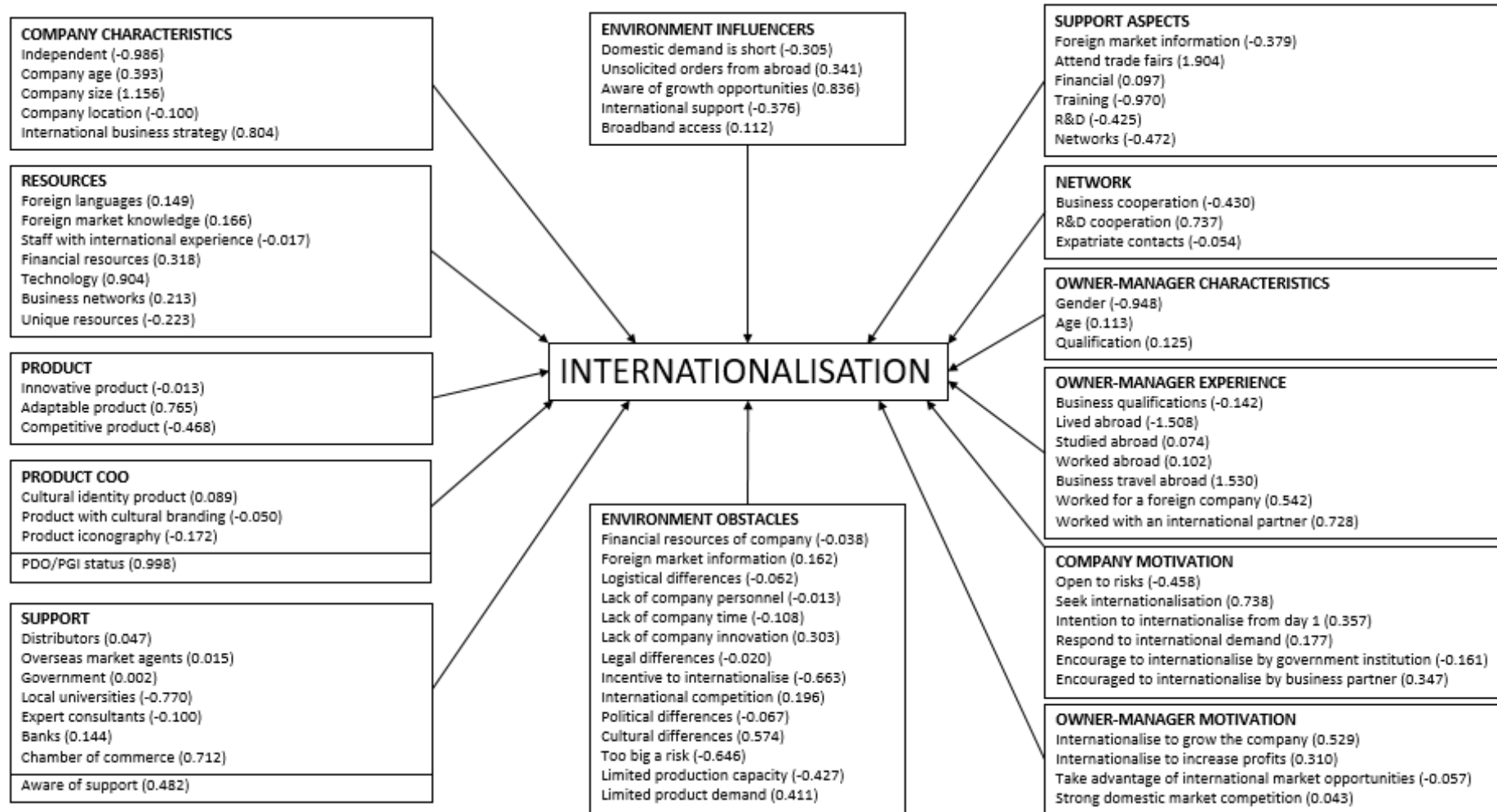
Table 7.70: Logistic Regression Results for the Owner-Manager Motivation construct

Variable	B	S.E.	Sig.
int_grow_comp	0.529	0.303	0.081
int_incr_profit	0.310	0.327	0.344
int_mark_opp	-0.057	0.399	0.886
int_dom_mark_comp	0.043	0.180	0.812
Constant	-3.156	0.651	0.000
Chi-square	32.573		0.000
Cox and Snell R square	0.175		
Nagelkerke R Square	0.235		
Percentage correct predictions	71.60%		

7.6.14 Regression Summary

This section of the chapter has outlined the different significant variables and the relationships between them and internationalisation. Taking an exploratory approach, the aim was to identify variables that could influence the internationalisation of food and drink SMEs, based on the regression model outlined in Figure 7.33. The outcomes of which are presented in Figure 7.34 below, highlighting the regression coefficients of each variable.

Figure 7.34: Regression Model including Coefficients for each Variable



The regression analysis identified a total of 22 significant variables across the various constructs. Table 7.71 provides a summary of the significant variables to internationalisation.

Table 7.71: Significant Variables from the Regression Analysis

Construct	Variable	Relationship
Company Characteristics	Company age	Positive
	Company size	Positive
	International business strategy	Positive
Resources	Technology	Positive
Product	Adaptive product	Positive
	Competitive product	Negative
Product COO	PDO/PGI status	Positive
Environmental Influencers	Aware of growth opportunities	Positive
Environment Obstacles	Incentive to internationalise	Negative
	Cultural differences	Positive
	Too big a risk	Negative
	Limited production capacity	Negative
Network	R&D cooperation	Positive
Support	Awareness of support	Positive
	Local universities	Negative
	Chamber of commerce	Positive
Support Aspects	Support for trade fairs	Positive
	Support training	Negative
Owner-Manager Characteristics	Gender	Negative
Owner-Manager Experience	Lived abroad	Negative
	Business travel abroad	Positive
Company Motivation	Open to risks	Negative
	Seek internationalisation	Positive

7.7 Conclusion

This chapter presented the results of the quantitative phase of this study. Initial results documented the profile of respondents to the survey, before establishing validity and reliability of the data. A review of the descriptive statistics showed the emergence of patterns in the data, which were then analysed using T-tests to compare responses from non-exporting and exporting companies, as well as companies located in Wales and Brittany. A comparative

analysis was conducted to explore relationships between the various independent variables of the study and the dependent variable (internationalisation). These relationships were further explored through the conducting of a logistic regression analysis.

The following chapter presents results obtained from the interview phase of the study. Thereafter, chapter 9 seeks to infer interpretations from the findings of both phases of the study, with a view to offering a detailed explanation of SME internationalisation in the food and drink industry.

Chapter 8: Qualitative Results

This purpose of this chapter is to document the results of the qualitative phase of the study. The data for this phase was collected from a series of interviews conducted between June and September 2016 with exporting and non-exporting companies in Wales and Brittany, which were identified in the quantitative phase of data collection. Qualitative analysis for this phase was conducted with thematic analysis following the six-step approach established by Braun and Clarke (2006). Initially, this chapter outlines the process for selecting interview participants before presenting a profile of the interviewees. The main part of this chapter details the step-by-step process for identifying themes in the interview data for both exporters and non-exporters.

8.1 Participant Selection for Interviews

As mentioned in section 6.2.3, the interview participants for the second phase of this study were identified through the results obtained from the questionnaire. This was used as a means of confirming exporting and non-exporting companies that could then be approached with the appropriate interview guide. Given a range of company characteristics, the maximum variation sampling technique (Patton, 2005) was used to ensure that the interview participants represented these various characteristics. These included the company status (whether independent or not), age, size (in terms of the number of employees) and location (whether in a rural area, a small town or a city). Additionally, the research aims to represent the different geographic areas within Wales and Brittany, covering food and drink SMEs from all parts of Wales and SMEs from all four of the départements in Brittany.

8.2 Interviewee Profile

This section presents a profile of interviewees, documenting the characteristics of the companies that participated in the interview phase. Table 8.1 details the respondents of the 15 exporting companies, including information of the companies' internationalisation activities, notably the percentage of the company's sales in international markets, the mode of internationalisation and the location of its international sales.

Table 8.1: Profile of Exporters Respondents

Respondent	Region	Company Age (years)	Size (employees)	Location	Sales Abroad	Export Mode	Sales Location
E1	Wales	0-2	1-9	Small Town	0-5%	Indirect	North America
E2	Wales	11-20	10-49	Rural	11-20%	Direct	Europe, Middle East, Asia, North America, Oceania
E3	Wales	3-5	1-9	Rural	0-5%	Direct	Europe
E4	Wales	21+	10-49	Small Town	11-20%	Indirect	Europe, Africa Asia, Oceania
E5	Wales	11-20	10-49	Rural	21-50%	Direct	Europe, Middle East
E6	Wales	21+	10-49	Small Town	0-5%	Indirect	Europe, North America
E7	Wales	11-20	1-9	Rural	0-5%	Direct	Europe
E8	Brittany	21+	50-249	City	21-50%	Direct	Europe, Middle East, Asia, North America, South America
E9	Brittany	21+	1-9	Rural	0-5%	Direct	Europe, Asia, North America
E10	Brittany	3-5	1-9	Rural	0-5%	Direct	Europe, North America
E11	Brittany	21+	1-9	Rural	0-5%	Direct	Europe, North America
E12	Brittany	21+	10-49	Rural	0-5%	Direct	Europe
E13	Brittany	0-2	1-9	City	6-10%	Direct	Europe
E14	Brittany	11-20	1-9	Small town	6-10%	Direct	Europe, Middle East, Asia
E15	Brittany	21+	50-249	Small town	11-20%	Indirect	Europe, Middle East, Asia, North America, South America

Interviews with the companies in the above table were conducted with the companies' owner-managers, with the exception of companies E4 and E8, where the interviews were conducted with the companies' export managers. The table shows that interviews were conducted with 7 exporters in Wales and 8 in Brittany. Collectively, the 15 interviews cover a range of the characteristics related to the age, size, location and percentage of export activity of the company. It is evident that Europe and North America are prominent export markets for respondents, however, internationalisation occurs to all parts of the world. The profiles of interviewees from the 22 non-exporting companies are presented in Table 8.2, highlighting a range of company characteristics across all interviewees.

Table 8.2: Profile of Non-Exporters Respondents

Respondent	Region	Company Age (Years)	Company Size (Employees)	Company Location
N1	Wales	11-20	10-49	Small town
N2	Wales	11-20	1-9	Rural
N3	Wales	3-5	1-9	Small town
N4	Wales	11-20	1-9	Rural
N5	Wales	11-20	10-49	Small town
N6	Wales	11-20	10-49	Small town
N7	Wales	3-5	1-9	Rural
N8	Wales	3-5	1-9	Rural
N9	Wales	3-5	1-9	Rural
N10	Wales	3-5	1-9	Rural
N11	Wales	21+	1-9	Rural
N12	Wales	3-5	1-9	Rural
N13	Wales	6-10	1-9	Rural
N14	Brittany	0-2	1-9	City
N15	Brittany	6-10	1-9	Rural
N16	Brittany	21+	10-49	Small town
N17	Brittany	6-10	1-9	Rural
N18	Brittany	21+	1-9	Rural
N19	Brittany	21+	1-9	Rural
N20	Brittany	21+	10-49	Small town
N21	Brittany	11-20	1-9	City
N22	Brittany	11-20	1-9	Small town

The above table details that 12 interviews were conducted with non-exporters in Wales and 9 in Brittany. It is evident that the vast majority (17) of companies were micro-enterprises of less than 10 employees, although 5 small enterprises (10-49 employees) were also present. Additionally, the majority of respondents were located in rural areas, but a variety of company ages are evident.

8.3 Thematic Analysis: Exporters

This section documents in detail the outcomes of each step in Braun and Clarke's (2006) thematic analysis process for the all exporting companies. This process was employed to ensure that data was appropriately analysed and that the validity and reliability of the data could be assured. The purpose of this research was to investigate themes from the interview data that explained the internationalisation process of food and drink SMEs in Wales and Brittany, as well as the present issues that such companies face. The process for identifying themes for non-exporting companies is presented in section 8.4.

8.3.1 Step 1: Familiarise Yourself with the Data

Having transcribed the interview data verbatim for each company, this act facilitated the first step in the six-step thematic analysis process as it allowed the researcher to become more familiar with the data, as expressed by Riessman (1993 cited in Braun and Clarke 2006). The aim of this step is to gain an in-depth understanding of the interview data in preparation for the first phase of data coding. To achieve this aim, the interview data obtained from exporters was read through twice in full and initial notes were made before beginning the second step in the process. Additionally, the research diary that was kept by the researcher throughout the interview phase was also re-read to enhance the familiarity with the data.

8.3.2 Step 2: Generating Initial Codes

Having developed a strong familiarisation of the interview data, the second step of the process saw the generation of initial codes. This process of generating codes throughout the qualitative analysis was based on the principle of first and second cycle coding (Miles et al., 2014). First cycle coding identifies codes from the data, before second cycle coding is based on the codes derived in the first cycle. First cycle coding was conducted in Microsoft Word, with the comments feature being used to code highlighted areas of text within the document containing all transcribed interviews for exporting companies. Through this process, a total of 934 codes were generated. These codes were then exported to a Microsoft Excel document and verified that each code corresponded to more than one respondent. The repetition of codes was then verified, leading to the reduction to 118 individual codes (see Appendix G for a list of first cycle codes for exporters).

8.3.3 Step 3: Searching for Themes

The codes identified in step 2 acted as the foundation for the searching of themes. Second cycle coding was used to identify themes to which the initial codes corresponded. Interview data was re-read in order to ensure that the themes corresponded with the interview data. This resulted in the development of 12 themes, shown below.

Table 8.3: The 12 Themes Identified in Step 3 for Exporters

Product	Marketing	Challenges	Awareness
Resources	Reactive strategy	Support	Network
Quality	Proactive strategy	Company	Provenance

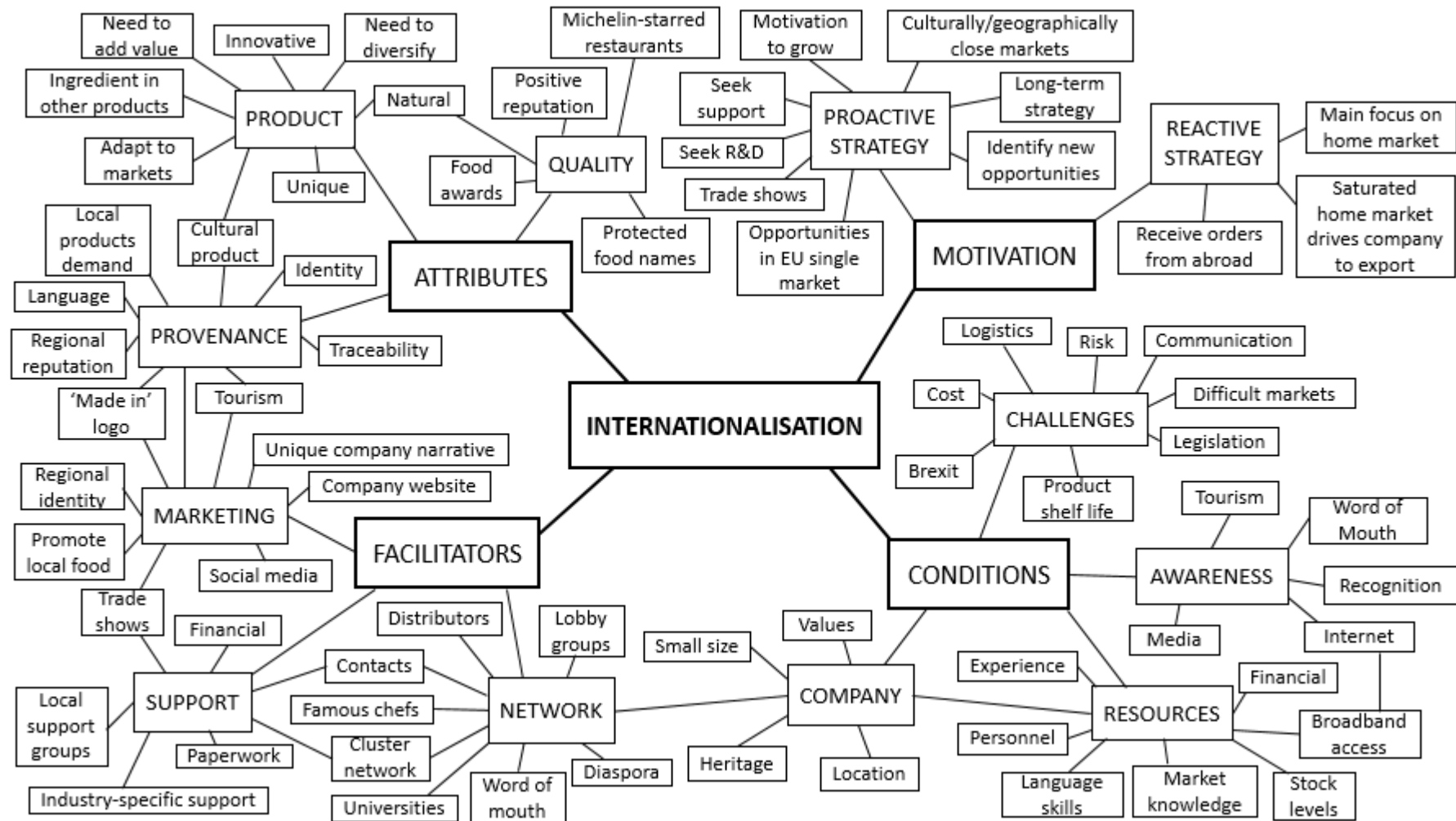
Brexit emerged as a theme that was prominent among Welsh exporters. Despite some comments by Breton respondents on the matter, particularly from a UK producers' perspective, the theme of Brexit was removed here, since it is an issue that relates purely to

the internationalisation of Welsh SMEs. A thematic analysis of Brexit across all Welsh respondents, both exporting and non-exporting, is discussed in section 8.7.

8.3.4 Step 4: Reviewing Themes

The aim of this step was to review the themes presented in step 3 and ensure that they corresponded to the main research objectives of the study. As the study seeks to gain an in-depth understanding of the main issues that influence internationalisation, the initial themes established in section 8.3.3 were retained, with the initial codes that correspond to these themes being reorganised in order to ensure a better representation of the internationalisation process. Here, the themes identified in step 4 were presented as sub-themes grouped into 4 overriding themes that explain the main issues relating to internationalisation for exporting companies. These themes relate to the *motivation* of a company to internationalise, the *conditions* for internationalisation, *attributes* relating to internationalisation and different *facilitators* of internationalisation. Transcripts were read again to verify that the themes were representative of the matters discussed in the interviews, additionally, a thematic map (see Figure 8.1) was created to identify the relationships between the themes, sub-themes and particular issues relating to internationalisation for current exporters.

Figure 8.1: Initial Thematic Map of Internationalisation Issues for Exporters (Step 4)



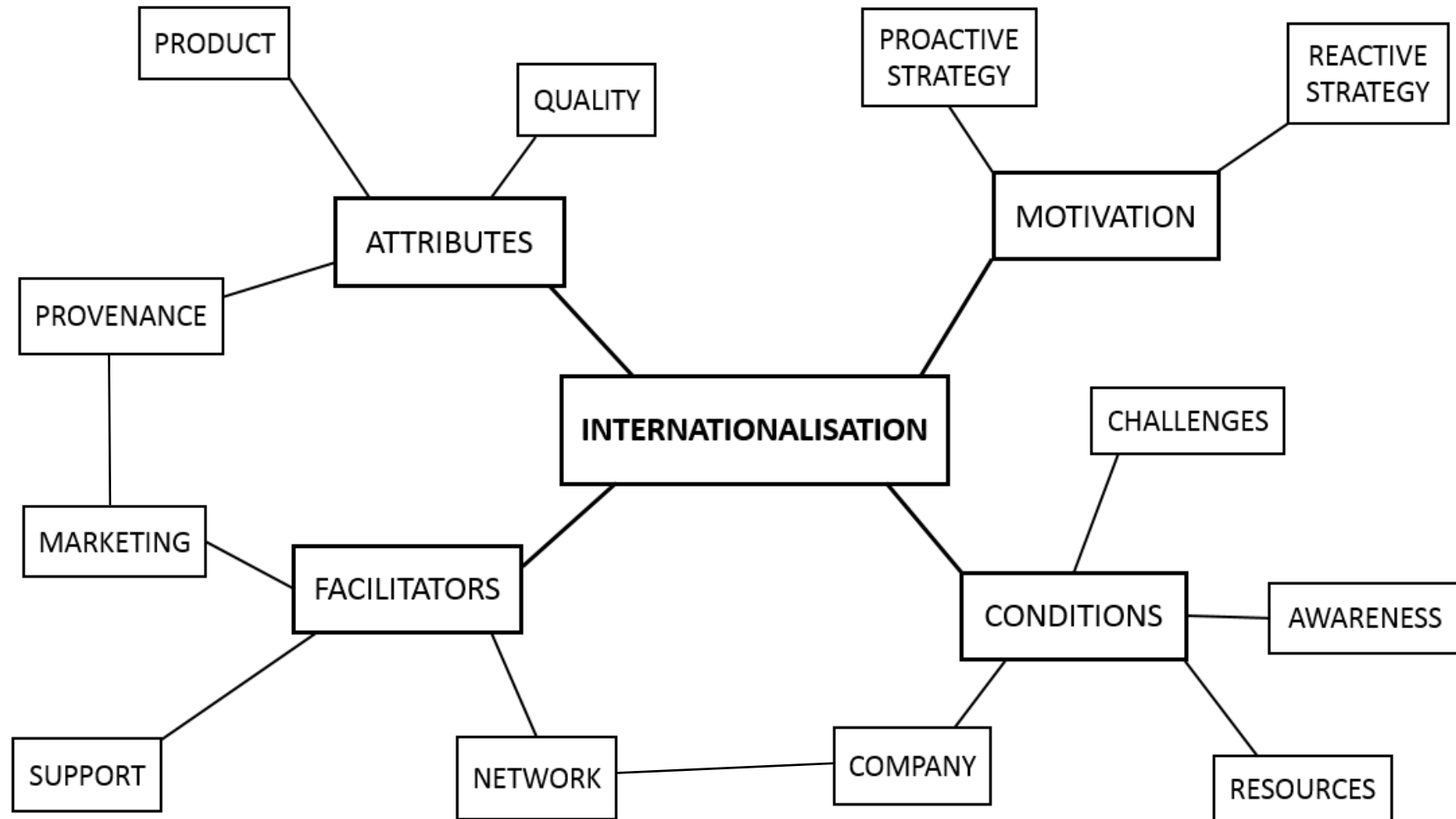
8.3.5 Step 5: Defining and Naming Themes

The fifth step in the thematic analysis involves defining and naming the themes identified from the data, that means encapsulating the essence of the themes. Here, the complexities of the above thematic map were re-evaluated by reading through the interviews again and coding each responded to the 12 sub-themes that corresponded to them. Where the individual issues (as shown to relate to each sub-theme in Figure 8.1 above) were found to relate to less than 4 respondents, these issues were removed from the sub-theme. This led to the reduction of several themes and redressing the focus of each sub-theme to distinguish between the different levels to which each sub-theme relates to the respondents.

8.3.6 Step 6: Producing the Report

The thematic analysis process, as set out in the previous sections, culminated in the development of four clear themes and 12 sub-themes which provide an in-depth explanation of the internationalisation of food and drink SMEs, based on the interviews conducted in Wales and Brittany. The first theme is *motivation*, particularly whether companies take a *proactive* or *reactive* approach to internationalisation. Secondly, the *conditions* have an influence on internationalisation, which is explained in relation to the *company*, the available *resources*, *awareness* and the various *challenges* that companies face in internationalisation. Additionally, there are various *attributes* that determine the success of internationalisation, these include the *product*, *quality* and *provenance*. Finally, *facilitators* of internationalisation were identified through *networks*, *support* and effective *marketing*. These themes and the relationship with their sub-themes are presented in the final thematic map shown in Figure 8.2 below.

Figure 8.2: Final Thematic Map of Internationalisation for Exporters



The above diagram identifies the 4 main themes which influence internationalisation derived from the interviews with exporting companies. From this, several sub-themes were identified that further explain the themes. It was evident from the thematic analysis that different respondents experienced different levels of the various themes and sub-themes, this is highlighted in Table 8.4, as each sub-theme is categorised with the different levels to which their influence is exerted on the company's internationalisation. This leads to the analysis of the full results of the thematic analysis for exporting companies in the next section.

Table 8.4: Explanation of Themes for Exporters

Theme	Sub-theme	Level		
Motivation		Reactive	Mixed	Proactive
Conditions	Company	Low	Medium	High
	Resources	Low	Medium	High
	Awareness	Low	Medium	High
	Challenges	Low	Medium	High
Attributes	Product	Low	Medium	High
	Quality	Low	Medium	High
	Provenance	Low	Medium	High
Facilitators	Network	Low	Medium	High
	Support	Low	Medium	High
	Marketing	Low	Medium	High

8.4 Analysis of Results: Exporters

Having identified the main themes and sub-themes from the interviews with exporting food businesses (Table 8.4 above), this section seeks to analyse explanations from the findings.

8.4.1 Motivation

Motivation to internationalise was expressed by companies taking a reactive, proactive or a mixed (both reactive and proactive) approach in seeking international opportunities. For some companies it was not a priority to actively seek international opportunities, but they did react positively to opportunities that come their way through orders from abroad. On the

other hand many respondents alluded to their proactive strategy in seeking internationalisation. For other companies, internationalisation was a mixture of the two approaches, pursuing both unsolicited orders from abroad and actively seeking ways to internationalise. Table 8.5 below outlines the details for the motivation theme.

Table 8.5: Analysis of the Motivation Theme

Level	Description	Experienced by
Reactive approach	Internationalisation occurs as a reaction to opportunities in international markets	E3, E6, E10, E11, E12
Proactive approach	Internationalisation occurs through the company actively seeking international opportunities	E2, E8, E15
Mixed approach	Internationalisation occurs as a mixture of both reactive and proactive approaches	E1, E4, E5, E7, E9, E13, E14

For several respondents, internationalisation occurred as a result of a reactive process, in which companies responded to demand from international markets. Given the small nature of SMEs, particularly that just over half the exporter respondents were micro-enterprises, such companies lack the resources (particularly time, personnel and experience) to engage proactively in seeking international opportunities.

“We don’t try to export our products. Export for us is something completely opportunistic. People come to us...and if people come to us, we’re not going to say no. We try to accommodate them. We only have one sales manager and usually it is important that we work in the local market, so it is a bit of a perk for me because I look after the export activities myself, because I don’t want it to be a waste of time, because I think that 90% of it is a waste of time.” (Respondent E6)

Three respondents indicated a proactive approach to internationalisation. These respondents represented some of the most experienced exporters of all respondents, with each company exporting to 5 different regions of the world. Also, each company has a larger number of employees and percentage of international sales compared to most respondents.

“...export for many SMEs, especially in Brittany, has become vital, that means that we need to get out of the mind-set of that sort of clientele and have a mix of clientele, so

export is really an important strategy, clearly defined in order for us to develop.”
(Respondent E15)

Almost half of respondents indicated that internationalisation was a mixture of both proactive and reactive measures, with unsolicited orders being received from abroad as awareness grows of the company and its products, often heightened through attendance at trade shows.

“It started out relatively small scale and it was predominantly to Ireland. We’re really close to Dublin, I mean it’s so easy to send stuff up there... then we decided to do a trade show called Anuga, and then following on from that it kind of became our platform...” (Respondent E5)

In fact, respondents E1, E2, E4, E6 and E14 pointed to the fact that they had been encouraged to internationalise through attending international trade shows by different organisations. This was particularly true in Wales, where the Welsh Government was identified as the source of encouragement.

8.4.2 Conditions

Having established the company’s motivation, it is apparent that many challenges exist that have the potential to stifle successful internationalisation. Within the conditions theme, 4 sub-themes were identified from the thematic analysis process, these being *company*, *resources*, *awareness* and *challenges*. Here, each sub-theme is presented individually, based on the different levels to which companies experienced each sub-theme.

8.4.2a Company

Firstly, the *company* sub-theme outlines the extent to which the company identity is significant in its propensity to internationalise. Table 8.6 below indicates that company identity can be expressed on three different levels, signifying a low, medium or high company identity.

Table 8.6: Analysis of Company Sub-themes

Level	Description	Experienced by
Low	Company identity has a low significance for internationalisation	E4, E5, E8,
Medium	Company identity has a medium significance for internationalisation	E3, E6, E7, E10, E14
High	Company identity has a high significance for internationalisation	E1, E2, E9, E11, E12, E13, E15

It is evident that both countries have a strong regional culture, which is something that is inherent in many food products and the company's heritage. It was observed by several respondents (such as E1, E6, E10, E12, E14, E15) that the company's heritage and identity was an important part of the business, and a significant element in promoting their products. Respondent E1 described the company as having a "quintessentially Welsh product by its name and by its history". Equally, a Welsh name was important for respondent E6. Additionally, company identity was discussed by respondents in relation to the small size of the company and its rural location. This was particularly true for respondent E12, who pointed to the small, family nature of the company with its traditions as being a distinguishing feature of the company and a significant means of marketing. This is true for companies with a high company identity (as expressed in Table 8.6), but less of a distinction for those with a low level.

"Our story is very important. As you can see, we are a family business and our recipes have been part of the family for generations. We are located here in a small village near the Brocéliande forest and the name of the company is based on the historic standing stones that you may have seen on your way in. This is linked to the legends of druids and mythology which is evident in Brittany. Our logo is based on the standing stones and we try to emphasise the family nature of the company in our marketing, through our website and also in our visitor centre, where we welcome visitors for a tour of the distillery." (Respondent E12)

8.4.2b Resources

The *resources* sub-theme alludes to the extent to which a company has sufficient resources at their disposition, which could influence their propensity to internationalise. As with the company sub-theme, the availability of resources of a company is evaluated on a low, medium and high scale, as shown in Table 8.7.

Table 8.7: Analysis of Resources Sub-themes

Level	Description	Experienced by
Low	Low availability of resources to internationalise	E1, E3, E6, E7, E9, E10, E11, E12
Medium	Medium availability of resources to internationalise	E2, E5, E13, E14
High	High availability of resources to internationalise	E4, E8, E15

Various types of resources were discussed in interviews, such as financial resources, access to broadband internet or language skills, but the most frequently discussed resources were company experience, market knowledge and personnel. Previous studies have seen that companies of all sizes lack resources and have difficulties in internationalising alone (Lu & Beamish, 2001), but the interviews showed that the availability of resources varied across different companies.

It is evident from the interviews that the companies that have the lowest level of available resources are the smaller companies, as seen in Table 8.7, where 6 of the companies in the low level are micro-enterprises and 2 are small enterprises. All of the 8 companies have low levels of export, in the 0-5% range. It is found that the lack of personnel equates to limited resources, but even though this constrains the ability to internationalise, it does not act as a barrier. According to respondent E10: “I am the resource. We cope. We have the internet and we get orders through that...The HR of the company is me”. In terms of market knowledge, company E7 has overcome that by pursuing incremental internationalisation, echoing the

Stage Approach (Johanson & Wiedersheim-Paul, 1975), beginning initially in Ireland, a geographically and culturally similar country to Wales:

“Everyone says that if you want to internationalise seriously, start in Ireland. It’s quite easy, it’s closer, and their systems are very similar, they speak English, so it’s easier to do it there.” (Respondent E7)

It is clear that the company size is not always a negative factor in resource availability. Although companies E13 and E14 are also micro-enterprises, they have a medium level of resource availability, but compensate for their own limited resources through accessing networks and support.

“We launched [the company] last year, creating our company and joining the incubator of Produit en Bretagne and the Brest Business School. So, this opened us up to the entire network of Produit en Bretagne to bring us credibility of the different actors in this region, giving us enriching and incomparable support.” (Respondent E13)

The larger companies that were interviewed are the ones that displayed a greater level of resource availability. Each company has an export team, with E8 having salespeople located in their main target markets, whereas E4 has developed strong relations with 17 distributors worldwide. Company E15 also has its own export team, but suggested that small companies work together in order to share resources.

“...for the very small SMEs, they should do that together, because there are many tiny SMEs, they should try and have an export service together, what we call a mutualisation. That has worked well in Brittany. That means having two or three SMEs together that have a representative to do the trade shows on behalf of these 2 or 3 companies. That works quite well for sharing the costs.” (Respondent E15)

8.4.2c Awareness

Awareness (see Table 8.8) refers to the extent to which customers in international markets would be aware of the companies’ products. As with the other sub-themes, the extent of the awareness is evaluated on three levels, low, medium or high awareness.

Table 8.8: Analysis of Awareness Sub-themes

Level	Description	Experienced by
Low	Awareness of the product is low in international markets	E1, E3, E6, E14
Medium	Awareness of the product is medium in international markets	E4, E5, E7, E9, E10, E11, E12, E13
High	Awareness of the product is high in international markets	E2, E8, E15

Awareness can be seen both in terms of awareness of the product in an international context, but also differences were discussed in the interviews about the awareness of food from Wales and Brittany. Welsh producers stated that awareness of Wales as a country and a food-producing area was relatively low. Respondent E2 stated: “I don’t think we have as many iconic foods as say Scotland does, or Ireland. And I don’t know how easy it is to develop iconic foods”. For respondent E15, Brittany is a region of historic foods, but benefits from France’s reputation for food.

“France is a place that is strongly associated for its gastronomy and a strong culture, but for Brittany the culinary culture is good, but also not altogether extraordinary. We have to be objective about this, Brittany doesn’t have the best food from France. If you go to Lyon or to Alsace, I think you will find a more sophisticated cuisine compared to Brittany, where the food is based more on meats, crêpes and galettes, as well as cakes and biscuits, where we have a strong history.” (Respondent E15)

Several respondents discussed ways in which they develop the awareness of their companies and products. All companies have the ability to do this through building their online presence.

“It is a starting point. It works for that, in raising awareness. Statistics show we get 15,000 hits per month, so if 10% of those turned into orders I’d be more than happy...but raising awareness is important. The more people are at the bottom of the awareness pyramid, the more will get to the top, that’s how I see it. Get the name out there, get the brand out there and some of them will go to the next stage and some will go further.” (Respondent E7)

Other companies are more proactive in adopting measures to raise awareness, either by developing a protected food name status (E2, E9, E11, E12, E15), linking their products with the local tourism industry, or making use of regional diaspora networks. Respondents E4, E10,

E13 and E14 recognised that word of mouth is important in spreading the message of the company, some of whom had benefitted from media exposure on a national and international stage.

“Luckily enough I have very good media coverage, the product is so rare and interesting that the media come to me. I had a big article in The Independent, following that journalists came all the way from Paris and made an interview and it was published, you know, two full pages in The Independent. Then it was relayed in the New Zealand Herald, in Singapore and then I lost it, I just don’t know where it went, it was huge. It was huge because I didn’t ask for anything.” (Respondent E14)

8.4.2d Challenges

The final sub-theme within the conditions theme relates to the *challenges* that companies face to internationalisation. A number of challenges were identified from the thematic analysis process. Table 8.9 outlines the extent to which challenges have an impact on the internationalisation of a company, shown on a low, medium and high level.

Table 8.9: Analysis of Challenges Sub-themes

Level	Description	Experienced by
Low	The company faces a low level of challenges to internationalise	E2, E4, E8, E13, E15
Medium	The company faces a medium level of challenges to internationalise	E5, E7, E9
High	The company faces a high level of challenges to internationalise	E1, E3, E6, E10, E11, E12, E14

As previously mentioned, small businesses lack significant resources required for internationalisation, thus bringing many challenges for such companies. Despite this, these remain as challenges and not barriers, as the companies are still able to successfully internationalise to different degrees, particularly by engaging with networks and benefitting from support. It comes as little surprise that the respondents that expressed a lower impact from the various challenges are from companies that have higher percentages of

international sales. The challenges discussed by respondents ranged from the cost of internationalisation (such as E1, E2, E4), time to dedicate to internationalisation activities (such as E3, E6, E9, E14) and the risk associated with internationalisation (respondents E1, E2, E6, E10, E11). The three main challenges discussed were logistics, legislation and the product shelf life.

For respondent E4, the rural location of the company '*hindered*' the company's logistics, stating that "trying to get products out from Dolgellau down to Bodmin in Cornwall by the following day is quite difficult because not many transport companies want to come here and pick up products". Legislation was a challenge for several companies, especially those with alcoholic products (E9, E10, E11, E12), where excises is an issue that is not part of the EU single market. Respondent E10 stated: "In terms of these taxes on alcohol, each country has its own legislation on this and keeps this legislation close". However, the most common legislation challenge discussed was the paperwork required for some markets, particularly outside the EU.

"I mean there are so many hoops to jump through and not just China, we've tried and failed with Russia and various other states that work to the same regulations as Russia do. There's just a huge amount of paperwork, of hoops, it's very difficult to find any clear information about exactly what you need to do." (Respondent E5)

One challenge that was raised among Welsh respondents was Brexit, particularly the challenges to exporting if no access to the EU single market would be available in future. As its own issue, Brexit is discussed on its own in section 8.7. One challenge related to Brexit is the product shelf life. The EU single market is an attractive market to many companies because the shelf life of food products can be quite short, bringing logistics challenges to export products to markets further afield. This is true for respondent E14, which produces seafood.

“It’s a problem because the logistics to do export for a fresh product...If we’re speaking about a live product, one of the reasons we failed to develop an export market in Japan is that we’re just too far, not too far, it’s just too long to reach Tokyo.”
(Respondent E14)

8.4.3 Attributes

From the interviews, it is apparent that various *attributes* can be explored by a company as a means for enhancing internationalisation. Within the attributes theme, 3 sub-themes were identified from the thematic analysis process, these being *product*, *quality* and *provenance*. Here, each sub-theme is presented individually, based on the different levels to which companies experienced each sub-theme.

8.4.3a Product

The *product* sub-theme documents the importance of the products’ characteristics on internationalisation. As shown in Table 8.10, the importance of the products’ characteristics is evaluated on a low, medium and high scale.

Table 8.10: Analysis of Product Sub-themes

Level	Description	Experienced by
Low	The importance of the products’ characteristics is low	E4, E8
Medium	The importance of the products’ characteristics is medium	E1, E3, E5, E6, E10, E14
High	The importance of the products’ characteristics is high	E2, E7, E9, E11, E12, E13, E15

The use of product characteristics manifested from the interviews highlights that companies from both regions exploit the unique and cultural products of their regions as a means of promoting internationalisation. A range of cultural products are evident from the companies interviewed in each region, including traditional Welsh fudge (E3) and Breton cider (E9, E10, E11, E12). Additionally, companies have unique product offerings, such as abalone (E14) or

frozen yoghurt (E5), but an important characteristic is that a product is organic, which for some is a sign of quality, but also a characteristic that is in demand.

“It is quite unique. We are a producer and transformer of fruits...we are the only ones to be 100% organic...everything is done in house, we don’t subcontract anything or have an account with someone where we buy the ingredients. Everything is done here by us.” (Respondent E11)

For companies that benefit from distinctive product characteristics, the advantages are evident and can be exploited through marketing premium products. For other companies, these qualities are less significant, as some companies see value in using their products as ingredients within other local products (E2, E4, E7, E15), providing them with new markets and spreading the risk of only selling through one approach.

“And we’re in English products which are going abroad like Green and Black’s chocolate, so we’re riding on the back of that. I just recently came back from Denmark and a few people had heard of us, but most people had heard of Green and Black’s, so that was useful.” (Respondent E2)

8.4.3b Quality

Thematic analysis identified *quality* as a sub-theme of the attributes theme. Table 8.11 highlights the different levels of quality associated with the company’s offering, seen on a low, medium and high scale.

Table 8.11: Analysis of Quality Sub-themes

Level	Description	Experienced by
Low	The company’s offering is of low quality	E4, E5, E6, E8
Medium	The company’s offering is of medium quality	E1, E3, E12, E14
High	The company’s offering is of high quality	E2, E7, E9, E10, E11, E13, E15

As with the product characteristics above, the quality of the product is an attribute that can have a significant impact on the internationalisation of a company. This can be seen through an organic status or the region’s reputation for food. Interview respondents pointed mostly

to quality markers used to promote their products, notably food awards (E3, E7, E9, E10, E11, E12), associations with Michelin-starred restaurants (E9, E10, E14, E15) and protected food names (E2, E9, E10, E11, E12, E15). Although different levels of quality were expressed in terms of their products, all respondents had products that exported, which underlines that products appeal to different target audiences, some being differentiated in terms of price and others of premium quality. The selling of products as ingredients within other products is indicative of this, however, it was generally agreed that products need to be considered of good quality in order to achieve international success.

“You must have a quality product, otherwise the international buyer or consumers won’t make the effort to go for a product that they don’t know, unless it is excellent...To export, you need to have quality products, or products that have a certain originality, it has to be a product that the people in those markets can’t find in their own market, for example, Breton cider, that is very good.” (Respondent E15)

8.4.3c Provenance

A further attribute used to promote internationalisation is *provenance*, which refers to the extent to which the company’s product is associated with its region of origin. As with previous sub-themes, this is evaluated on a low-high scale, as seen in Table 8.12 below.

Table 8.12: Analysis of Provenance Sub-themes

Level	Description	Experienced by
Low	The product has a low association with provenance	E4, E5, E8
Medium	The product has a medium association with provenance	E1, E3, E6, E7, E10, E14
High	The product has a high association with provenance	E2, E9, E11, E12, E13, E15

Given that many of the interviewed companies possess cultural products, it is natural for these companies to use their provenance as a distinctive attribute. The advantages of cultural products, product identity and the regional reputation have been discussed above. Additional

provenance advantages are seen through tourism and the use of 'Made in' logos. Here, the extent to which companies can benefit from their provenance is dependent on how active companies are in pursuing these benefits. As regions attractive for tourists, some companies possess their own visitor centres, where tourists can discover and buy their products. The effect of this is to increase awareness and the likelihood of direct sales being made from abroad.

"We welcome a lot of visitors from these countries to our distillery and visitor centre during the summers, when we run distillery tours. Many people from these countries visit Brittany every year, so it's important for us that people can visit the distillery to sample and even buy our products. We do find that some people who have visited us here then place orders online to buy more products." (Respondent E12)

The use of a 'Made in' logo is present in Brittany, where companies who are members of the *Produit en Bretagne* association (E9, E12, E13, E15) speak highly of its benefits, bringing not only product awareness, but providing support to companies through its network of members. The remaining Breton companies not part of the association found that it didn't correspond to their business interests at this stage. Whereas no association or brand currently exists in Wales, respondents E2, E3, E5 and E7 spoke positively about the benefits a 'Made in Wales' brand could bring, if done right. This was echoed by respondent E9.

"It's true that Breton people buy *Produit en Bretagne* products, even across the rest of France, the logo is widely recognised, especially as we live at a time when people want to buy the products from their own regions. For the logo, that is something that people certify as being made in Brittany. That is why the logo is interesting for me, so at some point a Made in Wales logo could be important, it could be something that could help sell well in England, not just in Wales." (Respondent E9)

8.4.4 Facilitators

Within the *facilitators* theme, 3 sub-themes were identified from the thematic analysis, identifying ways in which the internationalisation could be facilitated, these being *network*,

support and *marketing*. Here, each sub-theme is presented individually, based on the different levels to which companies experienced each sub-theme.

8.4.4a Network

The *network* sub-theme outlines the extent to which the company is able to access networks in facilitating the internationalisation process. As seen in Table 8.13 below, this extent is evaluated on a low-high scale.

Table 8.13: Analysis of Network Sub-themes

Level	Description	Experienced by
Low	The company's access to networks is low	E8
Medium	The company's access to networks is medium	E3, E4, E10, E11, E14
High	The company's access to networks is high	E1, E2, E5, E6, E7, E9, E12, E13, E15

Network connections are available to respondents in various forms, and Table 8.13 underlines the wide availability of such networks, with only respondent E8 indicating a low access to networks, as the company engages in the majority of its internationalisation activities itself. As previously mentioned, networks are important in helping SMEs overcome the limited resources, and the interviews implied that network connections were seen on different levels, at the company level, as well as local, national and international levels. Companies E4, E6, E8, and E15 possessed international employees within the company that could provide access to international markets through contacts. On a local level, companies alluded to engagement with other food companies as a means for sharing resources or providing support. This was true for respondent E1, who stated: "I've just got a network of people that I can trust and I ask them when I need to". The same is true on a national level, through the development of cluster groups.

“There are several different cluster groups around at the moment...it’s just that the more you see these people, the more you develop those relationships and that trust...But just sharing that knowledge and that networking across Wales is massively important.” (Respondent E3)

In Brittany, the Produit en Bretagne association acted as an effective network group for its members, bringing producers together with the ability to share resources and experiences in international markets. On an international level, the use of distributors is significant in facilitating internationalisation for small food producers who lack knowledge of foreign markets and logistics capabilities.

“One of the keys for food export is not only finding someone that can import your products, but especially distributing them. The supply chain is so important. It is impossible to find a simple distributor when you export, you need to find a distributor that can assure the storing and distribution to the shops or the clients, so the idea of the trade shows is finding importers, logistical distributors. The key to success for SMEs is to find in each country, one or two partners that can take care of the distribution of products.” (Respondent E15)

8.4.4b Support

Support refers to the availability of the company to access various support that can facilitate the internationalisation process. Table 8.14 presents the differences between the levels of support, which are seen on a low-high scale.

Table 8.14: Analysis of Support Sub-themes

Level	Description	Experienced by
Low	The availability of support for internationalisation is low	
Medium	The availability of support for internationalisation is medium	E8, E10, E11, E14
High	The availability of support for internationalisation is high	E1, E2, E3, E4, E5, E6, E7, E9, E12, E13, E15

With limited resources, support is essential in helping SMEs internationalise. As discussed in the previous section, support is available from the different networks in which companies can

engage, whether within the company or on a local, national or international level. A major source of support expressed in the interviews was from the local government, with Welsh respondents particularly praising their help in identifying international network contacts, providing funding and organising stands at international trade shows.

“I think what the Welsh Government is doing at the moment is fantastic. They’re organising networking events for us where you get to meet all these people and you build relationships naturally, which is fantastic. They have money available for whatever you would like to do, so we’re going to the Speciality & Fine Food Fair at a discounted rate thanks to the government. There’s funding available for market research on export, there’s organised trade abroad for everything. I think just getting in touch with the Welsh Government or people representing the Welsh Government and having a clear plan of what you want to do, those two things, I think you could get all the support you needed by doing that.” (Respondent E3)

8.4.4c Marketing

Finally, the *marketing* sub-theme alludes to the extent to which the company seeks to use different regional marketing techniques to promote its products for internationalisation. As with previous sub-themes, this is evaluated on a low-high scales, presented in Table 8.15 below.

Table 8.15: Analysis of Marketing Sub-themes

Level	Description	Experienced by
Low	The company’s use of regional marketing to facilitate internationalisation is low	E4, E5, E8, E14
Medium	The company’s use of regional marketing to facilitate internationalisation is medium	E1, E3, E6, E10
High	The company’s use of regional marketing to facilitate internationalisation is high	E2, E7, E9, E11, E12, E13, E15

Interview responses outlined the use of different marketing techniques, used to varying degrees, as shown in Table 8.15. Marketing issues that have been discussed above relate to provenance and the use of ‘Made in’ logos, tourism, media coverage and trade shows. In terms of marketing, respondent E5 points to the importance of being present at trade shows

to increase international awareness of the company and product: “If you’re not visible in that market in trade shows, for example, then there will not be any confidence to buy from you”.

Awareness can be raised by the company itself through ensuring it has an online presence, with its own website and social media pages. For respondent E5, this is important in creating the initial awareness of the company, stating that marketing “was important in the early days. These days it’s much more about trade shows”. For small businesses the company story is an important aspect of their marketing, as it distinguishes them from larger companies. This was echoed by respondent E3, stating “it came from the kitchen and that it’s proper fudge rather than mass produced, so it really adds to the story that you’re trying to sell as well”. The same was true for respondent E7, who emphasised that the company narrative is something inherently unique to the company.

“People can copy your product, but they can’t copy your story. That is so powerful. If you have seen our website, we do a lot about who we are and where we come from. The family, Snowdonia, fresh air, all of this stuff. That is the story.” (Respondent E7)

8.5 Thematic Analysis: Non-Exporters

In addition to the themes identified for exporting companies, as detailed in section 8.3, themes were also investigated for non-exporting companies, with the aim of understanding why such companies were not presently engaged in internationalisation and what changes they envisaged necessary in order to achieve this. Here, the same process of research was undertaken as the exporters, with interview transcriptions analysed in Microsoft Word.

8.5.1 Step 1: Familiarise Yourself with the Data

For the first step of the thematic analysis process, the transcribed interview data was read and re-read to ensure that the researcher become familiar with the data as a whole. This was aided by the researcher conducting the transcriptions of all interviews, as well as reading the

researcher's reflective diary, which was kept during the interview period to provide thoughts in the immediate aftermath of the interviews.

8.5.2 Step 2: Generating Initial Codes

Once familiar with the data, the Miles et al. (2014) process of first and second cycle coding was employed to identify codes in data. This step in the thematic analysis process corresponded to first cycle coding, where initial codes were made using the comments function in Microsoft Word, before extracting the codes to an Excel document. All codes were checked to ensure that they were not unique to only one respondent. A total of 275 codes were initially made from the total interviews, which was reduced to 67 individual codes upon removal of duplicates (see Appendix H for a list of first cycle codes for non-exporters).

8.5.3 Step 3: Searching for Themes

The codes identified in the previous phase acted as the basis for the development of themes in step 3. After re-reading the initial codes, themes were sought by grouping related codes together through the second cycle coding process. A total of 12 themes were identified at this stage, as shown below.

Table 8.16: The 12 Themes Identified in Step 3 for Non-Exporters

Desire	Product	Awareness	Differentiation
Company	Resources	International conditions	Domestic Conditions
Support	Network	Opportunities	Challenges

Here, themes included *desire* to internationalise, as well as issues relating to the *company*, *product* and *resources*. As with interviews with exporters, Brexit emerged as a theme in interviews with Welsh non-exporters. As this only concerned Welsh respondents, this theme was removed in order to be analysed separately (see section 8.7).

8.5.4 Step 4: Reviewing Themes

At this step, interview data was re-read with the aim of reviewing the 12 themes identified in section 8.4.3. At this stage it was realised that parallels could be drawn with the themes derived from exporters. Thus, themes were redefined and similar codes were grouped together where necessary to ensure that no repetition was evident and that the relationships between the revised themes could be presented. Comparing the themes here with those of exporters shown in section 8.3.4, it was concluded that the same 4 overriding themes could be specified for the non-exporters as had been done for the exporters. This led to the four themes of *motivation*, *conditions*, *attributes* and *facilitators* for non-exporters.

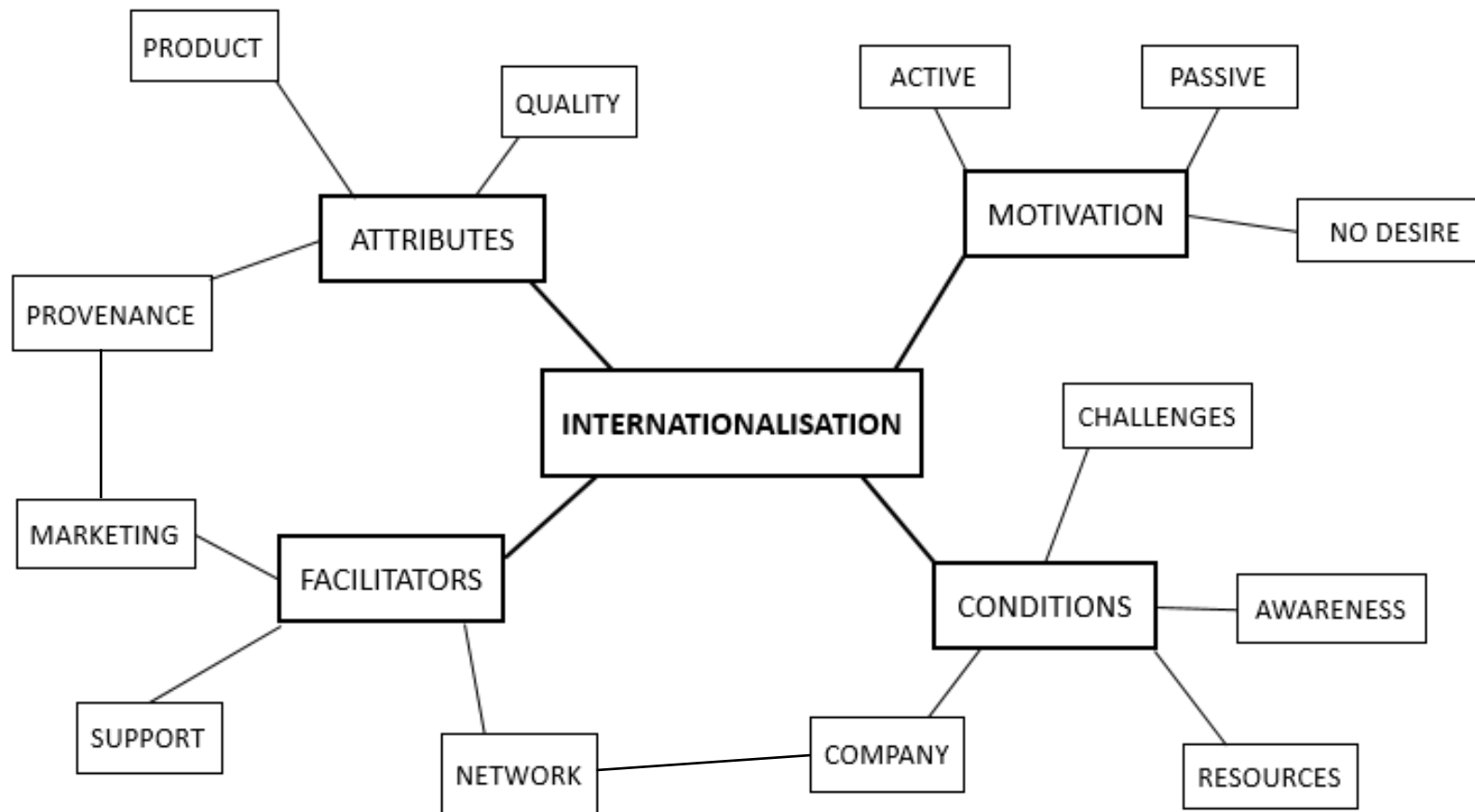
8.5.5 Step 5: Defining and Naming Themes

A final review of themes saw the themes from step 4 above be retained. The sub-themes relating to these four themes were re-evaluated through re-reading the transcripts and coding each respondent to the 12 sub-themes identified above. This led to the removal of some issues, but not to changes to the themes or sub-themes, the aim of which was to provide a detail explanation of the issues that impact on internationalisation for non-exporters.

8.5.6 Step 6: Producing the Report

The thematic analysis process for non-exporters culminated in the creation of a thematic map (Figure 8.3) explaining the main issues of internationalisation for non-exporting food and drink SMEs.

Figure 8.3: Thematic Map of Internationalisation Issues for Non-exporters



The above thematic map presents the four themes for non-exporters. These themes mirror those for exporters, highlighting that food and drink SMEs generally face similar issues regardless of their activities. Firstly, *motivation* outlines the company's attitude towards internationalisation. Different to that of the exporters, the issues here relate to *no desire* to internationalise and an *active* or *passive* attitude towards internationalisation. For the remaining themes, the same sub-themes were true for non-exporters as for exporters. Within the *conditions* theme, sub-themes related to the *company*, its *resources*, *awareness* and *challenges*. This theme is significant for non-exporters as this offers an explanation as to why the company does not internationalise. Sub-themes for the *attributes* theme are *product*, *quality* and *provenance*. For the *facilitators*, the sub-themes are *network*, *support* and *marketing*. Each theme is addressed in detail below. As with exporters, here respondents pointed to a difference in levels of the various themes that they experienced, these are presented in Table 8.17 below.

Table 8.17: Explanation of Themes for Non-Exporters

Theme	Sub-theme	Level		
Motivation		No desire	Passive	Active
Conditions	Company	Low	Medium	High
	Resources	Low	Medium	High
	Awareness	Low	Medium	High
	Challenges	Low	Medium	High
Attributes	Product	Low	Medium	High
	Quality	Low	Medium	High
	Provenance	Low	Medium	High
Facilitators	Network	Low	Medium	High
	Support	Low	Medium	High
	Marketing	Low	Medium	High

8.6 Analysis of Results: Non-Exporters

After identifying the themes and sub-themes derived from the thematic analysis, as seen in Table 8.17, this section analyses explanations from the findings.

8.6.1 Motivation

Motivation for internationalisation was a theme that saw a difference between exporters and non-exporters. Here, non-exporters were distinguished between those with no desire to internationalise, those who took a passive approach, retaining a focus on the domestic market, and those who were active in seeking internationalisation, but not yet managing to achieve this. The respondents that correspond to each issue are documented in Table 8.18.

Table 8.18: Analysis of the Motivation Theme

Level	Description	Experienced by
No desire	The company has no desire to explore internationalisation	N6, N7, N9, N10, N11, N12, N18, N19, E20
Passive	The company's focus is currently on the domestic market	N5, N8, N13, N14, N17, N22
Active	The company is seeking to internationalise, but not yet succeeded	N1, N2, N3, N4, N15, N16, E21

For companies with no desire to internationalise, one reason was the incompatibility of the product for export sales (N6, N10, N11, N12, N18, N20). For others, internationalisation was considered to be against the companies' ethos. This was underlined by respondents N7, N9 and N18.

"We are a small company and part of our ethos is to be sustainable and the highest quality, and always relevant. Therefore, export or international trade are not a priority for our products at all. We recently attended the Food Hotel China trade mission to explore the opportunities, and whilst there are certainly opportunities to make a lot of money from exporting to this growing and wealthy market, we felt it would not be an ethical decision for us to be shipping our products across the world." (Respondent N7)

Whereas for some respondents the home market was the main focus on the company, 7 respondents confirmed that the company was seeking to internationalise. Although a natural progression for some companies in expanding abroad once they had established themselves

in the domestic market, it was recognised that internationalisation takes time to turn interest into orders.

“I have spent a long time developing the products and the brand in the home market and have also began developing contacts in international markets. I have been out to visit them, but as yet we have not managed to secure any sales. For internationalisation to occur you must be patient and keep faith.” (Respondent N20)

It was also recognised that the ability to turn interest into sales was dependent upon meeting the right criteria for the different markets, as in the case on respondent N1, as product issues were curtailing the ability to internationalise.

“China we’ve had quite a bit of correspondence with, and I’ve been over to Poland recently, but we’ve not had any orders. Part of the reason for this is our product shelf life, and that is an issue, a really big issue.” (Respondent N1)

8.6.2 Conditions

As was the case with the exporters, the *conditions* in which the non-exporters operate have a significant impact on the potential for the company to internationalise. As non-exporters, it is evident that these conditions have a greater effect on the business than they do for the exporters. Here, the same four sub-themes of *company*, *resources*, *awareness* and *challenges* are discussed, as was the case for the exporters.

Table 8.19: Analysis of the Company Sub-themes

Level	Description	Experienced by
Low	Company identity has a low significance for internationalisation	N4, N6, N7, N10, N11, N14, N15, N16, N18, N20, N22
Medium	Company identity has a medium significance for internationalisation	N3, N8, N9, N12, N13, N19
High	Company identity has a high significance for internationalisation	N1, N2, N5, N17, N21

It is clear from the interviews that few companies possess a strong identity that could be a significant factor in its propensity to internationalise. Indeed, Table 8.19 highlights that only

5 of the 22 companies point to a high company identity. This can be explained by the small size of many of the respondents, which equates to limited resources.

“It is fair to say that our company isn't driven to expand in the ways alluded to in this report. We are just two brothers making 7000L of traditional cider and trying to make enough money to keep the company ticking over to pay ourselves a decent day's pay for the work we put in.” (Respondent N10)

The limited resources of the non-exporter respondents are documented in Table 8.20, in which only 4 of the respondents implied that they possess a high level of resources that could facilitate internationalisation, with 16 respondents implying limited resources. Respondent N8 also alluded to low production levels, stating: “We don't produce enough currently to even supply our local audience. There is a waiting list for our whiskies”.

Table 8.20: Analysis of the Resources Sub-themes

Level	Description	Experienced by
Low	Low availability of resources to internationalise	N5, N6, N7, N8, N9, N10, N11, N12, N13, N15, N16, N17, N18, N19, N20, N22
Medium	Medium availability of resources to internationalise	N3, N21
High	High availability of resources to internationalise	N1, N2, N4, N14

Limited awareness was an issue for respondents, with only respondents N2 and N3 considering awareness of their product to be high, as seen in Table 8.21.

Table 8.21: Analysis of the Awareness Sub-themes

Level	Description	Experienced by
Low	Awareness of the product is low in international markets	N1, N4, N5, N6, N9, N11, N13, N14, N18, N20, N22
Medium	Awareness of the product is medium in international markets	N7, N8, N10, N12, N15, N16, N17, N19, N21
High	Awareness of the product is high in international markets	N2, N3

For respondent N11, limited awareness was linked with the product characteristics, commenting: “It is very difficult for our highly ethically produced product to be fully appreciated in many countries”. Respondent N14 pointed to trade shows as being important in ensuring visibility for a company. However, respondent N13 referred to the limited awareness of food products from Wales more generally.

“The Food and Drink industry in Wales is in its youth, and its reputation is growing but it is not mature enough to be recognised as a destination for food outside the UK.”
(Respondent N13)

Unsurprisingly, the majority of non-exporter respondents discussed challenges to internationalisation. Table 8.22 shows that only 5 respondents did not allude to a high level of challenges, with no respondents pointing to a low level. The main issues discussed were the bureaucracy of legislation and product issues. Respondent N2 commented that “we’re under so much red tape, it just stumbles us unfortunately”. For others, the product shelf life was an issue, particularly as companies need to adhere to legislation aimed at meeting quality standards.

“The other thing is that the life of our cake is on average 7-8 weeks because we don’t use artificial preservatives, only natural products. That won’t do because they want 4-6 months.” (Respondent N5)

Table 8.22: Analysis of the Challenges Sub-themes

Level	Description	Experienced by
Low	The company faces a low level of challenges to internationalise	
Medium	The company faces a medium level of challenges to internationalise	N2, N8, N14, N15, N21
High	The company faces a high level of challenges to internationalise	N1, N3, N4, N5, N6, N7, N9, N10, N11, N12, N13, N16, N17, N18, N19, N20, N22

8.6.3 Attributes

In terms of *attributes*, non-exporting respondents alluded to possessing less significant attributes to internationalisation than exporters did in section 8.4.3. Table 8.23 below shows that few companies considered their product characteristics to be of high importance. This is in line with previously-mentioned challenges relating to the product shelf life, and for respondent N4, this was due to their product being overly British in nature:

“We’re just moving into developing some new products that are suitable for export at the minute. All we make is very UK-oriented products that wouldn’t sell abroad.”
(Respondent N4)

Table 8.23: Analysis of the Product Sub-themes

Level	Description	Experienced by
Low	The importance of the products’ characteristics is low	N3, N4, N5, N10, N11, N13, N15, N16, N18, N20, N22
Medium	The importance of the products’ characteristics is medium	N1, N6, N7, N9, N12, N19, N21
High	The importance of the products’ characteristics is high	N2, N8, N14, N17

Quality was an important issue raised by respondents, with only 4 pointing to a low level of quality in their offering, as seen in Table 8.24. This would imply that companies with quality products could be well placed to internationalise. However, it has been seen that the quest for companies to achieve quality has led to product issues. This is true for respondent N6, who stated: “We’re a very small company with a specialist, very perishable product. We are all about quality and not volume”.

Table 8.24: Analysis of the Quality Sub-themes

Level	Description	Experienced by
Low	The company’s offering is of low quality	N4, N11, N16, N22
Medium	The company’s offering is of medium quality	N3, N5, N6, N10, N12, N19, N20
High	The company’s offering is of high quality	N1, N2, N7, N8, N9, N13, N14, N15, N17, N18, N21

As with exporters, a number of non-exporters possessed products that were associated with the company's *provenance* (see Table 8.25 below). This included a number of cultural products, as well as companies that are members of the *Produit en Bretagne* association. This was recognised by respondent N15, despite not being a member. However, for respondent N16 provenance proved a disadvantage. This could be explained by the company's product not being cultural.

“Despite our perseverance (for about 2 years), our products did not find any opportunities. In hindsight, I think that it is more difficult to export a product which has no regional (or national) connotation. Coffee roasters are everywhere.”
(Respondent N16)

Table 8.25: Analysis of the Provenance Sub-themes

Level	Description	Experienced by
Low	The product has a low association with provenance	N4, N6, N11, N13, N14, N15, N21
Medium	The product has a medium association with provenance	N3, N7, N9, N10, N12, N18, N19, N22
High	The product has a high association with provenance	N1, N2, N5, N8, N16, N17, N20

8.6.4 Facilitators

Despite facing many challenges, *facilitators* to internationalisation also exist for non-exporters. Like the exporting respondents, non-exporting respondents discussed internationalisation opportunities through networks, support and effective marketing. As seen in Table 8.26, access to *networks* is relatively low for many of the respondents at present, which offers an explanation as to why they do not currently internationalise.

Table 8.26: Analysis of the Network Sub-themes

Level	Description	Experienced by
Low	The company's access to networks is low	N3, N6, N7, N9, N10, N11, N12, N13, N15, N18, N19, N22
Medium	The company's access to networks is medium	N4, N5, N8, N17
High	The company's access to networks is high	N1, N2, N14, N16, N20, N21

Respondent N4 commented that they had been encouraged to attend international trade shows by the Welsh Government with a view to internationalising, but that they weren't yet in a position to do so. Respondent N17 saw network access as being a crucial factor in their ability to internationalise, particularly the need to identify the right network partners.

"The biggest challenge is to find the right local partner in the export market, and to get an idea of how much cider they could sell. It is necessary to find someone who would have the knowledge of the necessary steps that need to be taken in order to import the goods." (Respondent N17)

As with exporters, networks were identified as being an important source of *support* for many companies. Table 8.27 shows that most respondents found access to support to be positive.

Table 8.27: Analysis of the Support Sub-themes

Level	Description	Experienced by
Low	The availability of support for internationalisation is low	N5, N6, N10, N11, N18, N19, N22
Medium	The availability of support for internationalisation is medium	N3, N4, N12, N13, N15, N17
High	The availability of support for internationalisation is high	N1, N2, N7, N8, N9, N14, N16, N20, N21

Access to local cluster groups and contacts with other local food companies bring benefits to many companies needing support. Respondent N4 pointed to the advantages of the local network, as well as the work of the government in supporting food and drink SMEs.

“I’ve joined that [cluster group] and I know there are initiatives through the Welsh government to the food and drink banner that are helping bring people together on export. I’m aware of it and I’ve spoken to people but I’ve not actually pressed the button because over a couple of weeks and months I need to sit down and say right, here’s the products in the right packs and the right cases and the right sizes. So, we’re very close to it but we’ve not done that yet.” (Respondent N4)

Despite the advantages, respondent N9 criticised the widespread government support towards internationalisation, stating: “Export should only be targeted at appropriate businesses otherwise it merely dilutes the strength and focus of a young company”.

Finally, *marketing* was seen as a means of raising awareness of the company and conveying the company’s narrative. With awareness an issue identified in section 8.6.2, respondent N15 alluded to the use of marketing in overcoming this: “The main way for them to raise their profile is through their website and through marketing documents”. With many cultural products seen in both regions, Table 8.28 identifies companies that use regional marketing, showing that only around a third of respondents placed a stronger emphasis on the use of regional marketing.

Table 8.28: Analysis of the Marketing Sub-themes

Level	Description	Experienced by
Low	The company’s use of regional marketing is low	N4, N6, N10, N11, N12, N13, N15, N18, N22
Medium	The company’s use of regional marketing is medium	N3, N7, N9, N14, N19
High	The company’s use of regional marketing is high	N1, N2, N5, N8, N16, N17, N20, N21

Respondent N15 recognised the need to have a bilingual website to appeal to different markets in their effort to internationalise, however they point to the company’s inability to engage in effective marketing as being due to limited resources.

“Some elements of the website are in English and Dutch...therefore there is a vision here for potential international growth in culturally close markets. Whether this can

develop in the near future would depend on how the company attempts to approach internationalisation, which in itself is heavily dependent on the company's ability to improve its marketing and networking activities, which have been constrained through a lack of resources." (Respondent N15)

8.7 Brexit

One theme that emerged from the interviews in Wales was *Brexit*. Since this theme only applies to Welsh companies, it was decided to remove this theme from the combined analysis to analyse separately. With the interviews being conducted from July to September 2016, this was in the direct aftermath of the referendum vote on 23 June 2016, therefore the feelings towards Brexit were still fresh in the minds of the company respondents. Of the 20 interviews conducted in Wales with both exporters and non-exporters, 13 respondents discussed Brexit in relation to internationalisation. Thematic analysis was therefore conducted on the issues raised, following the same process as seen in the previous sections.

8.7.1 Brexit Thematic Analysis

Eight themes were identified for the implications of Brexit on the Welsh food industry (see Figure 8.4 below). Themes point to the initial *reaction* to Brexit, the *consequences*, *opportunities* and possible *non-impact* of Brexit on the company's activities, as well as the potential *barriers*, issues related to accessing the *single market* and a view of the *future* of the industry once Brexit occurs. Additionally, some respondents pointed to the fact that a number of existing challenges in the food and drink industry stem from *issues not related to Brexit*.

Figure 8.4: Thematic Analysis of Brexit on Welsh Food and Drink SMEs



Figure 8.4 outlines that the initial reaction to Brexit was varied depending on the nature of the business, however the overriding feeling was of anxiety and devastation, with 12 of the 13 respondents expressing their desire to remain part of the European Union. Frustration over the uncertainty of Brexit was a major issue, shown by respondent E2: “Yes, that’s maybe what’s the most frustrating thing, there is no information and we don’t know what is going to happen in the longer term”. Some expressions of indifference were shown, as companies that acknowledged their desire to remain part of the EU retained an optimism that the future would not be so bleak. Of the 13 companies, only respondent N5, a non-exporter, admitted to voting to leave the European Union, the reason for which was due to difficult legislation, acknowledging the opportunities in Brexit.

“I voted out of Europe because the food legislation that Europe was passing was putting us all out of business, it was getting far, far too complicated for us all...As far as the consequences for me, yes, I voted for it and I’m paying the price. Sugar has gone up horrendously, flour is going up horrendously and sultanas are going up uncontrollably.” (Respondent N5)

Here, respondent N5 points to the short-term consequences of Brexit, with the rising cost of goods linked to a weaker pound, creating a dilemma for some companies as to whether they should increase their product prices to offset their losses. Some opportunities were identified for trade outside EU countries, with some respondent companies already engaged in selling products further afield. Additionally, opportunities were identified for businesses to avoid the restrictions of legislation which was associated with EU policy.

For some respondents, no impact was envisaged by Brexit on the short-term. Given the 2-year timeline of Brexit, it was assumed that no major changes would occur within this period and that companies could use this period to make post-Brexit plans when the details of Brexit become clearer.

“As I’m not doing any export into Europe anyway, it doesn’t hugely bother me, and if it opens up more doors...to places like Brazil or Australia that we didn’t have before, then I’m probably not going to gain or lose anything compared to where I was before anyway.” (Respondent E1)

The overriding sentiment expressed within the aftermath of the referendum vote pointed to the consequences of Brexit. Concerns were raised over the potential for Brexit to stifle exports to the European Union, which many Welsh businesses recognised as being a significant location for export. Despite the opportunities touted in non-European markets, several exporting companies emphasised the importance of the European market to their operations, particularly in terms of the ease of access through the single market, but also due to the nature of their products, which would not suit markets further afield. Respondents E3 and E4 expressed issues with the product shelf life being too short to export to non-European markets. Respondents E2 and E5 strongly emphasised the benefits of membership to the single market and the opportunities seen in exporting to Europe over other markets, highlighting the barriers that Brexit could bring in limiting opportunities to export, particularly if tariffs were introduced.

“We wouldn’t be anywhere near as big a company...if it wasn’t for the ease of export into the European Union...There’s no complicated paperwork to fill in you just put it on a truck and sent it to wherever it’s going...we’ve tried to export to Norway...but there’s a 30% import tariff for Norway, and you know the worry is that the rest of the EU decides that an import tariff is the way to go and if that happens, almost instantly 35% of our business is under threat because we have to either cut our prices...or we’ll have to cut profits and that’s the kind of big worry for us as a company.” (Respondent E5)

Further barriers of Brexit identified in Figure 8.4 were concerns over the risk of Brexit, the difficulty in planning ahead during the negotiation process and the overall uncertainty. Funding was an issue as respondents are reliant on UK Government or European funding to

support their business activities, which remains an uncertainty. This underlines the lack of support that is being provided to small businesses related to Brexit.

“I think there’ll be a massive effect to be honest. We were already talking to them [the UK Government] about next year and the year after and they’ve already said, hang on we don’t know what sort of funding we’re going to get, so let’s just wait and see on those things.” (Respondent E4)

Despite the clear concerns over Brexit, it was recognised that other issues also represented challenges for food SMEs. Respondents E4, N2 and N6 recognised that the instability was not wholly due to Brexit, citing legislation as an issue that limited their operations, whether part of the EU or not. Additionally, Respondents E1 and N1 pointed to the weather conditions as a factor with as much potential to affect the company as Brexit.

Looking to the future, respondents emphasised the need for food SMEs to retain a focus on export in order to spread the risk of business across several markets and not be reliant on big contracts with few customers. As a result, Respondent E5 spoke of the potential need to diversify the product range. Respondent E2 raised concerns over the maintaining of protected food names, with the company benefitting from a European-level PDO or PGI status protecting the provenance of their product. Government support is essential for this, and also reassuring businesses over their EU workforce, which for some food SMEs represent a major part of their employees. Respondents E4 and N5 particularly expressed the need to support their EU workforce and the effect that immigration played in the debates leading up to the referendum.

“I think they’ve [the UK government] got a massive part to play because I think this whole vote was done on an immigration card, wasn’t it...I don’t think anybody that voted thought about the economic impact and how that would affect manufacturers like us. But I think now, people are starting to realise and starting to panic a little bit. I don’t know. We’ll have to see, it’s the great unknown really, isn’t it?” (Respondent E4)

8.7.2 Brexit Implications

The results indicate that the majority of food and drink producers viewed Brexit negatively, seeing more barriers and negative consequences than opportunities. A distinction was observed between exporting and non-exporting companies, with exporters most concerned about the impact. Despite an overly negative view of the impact of Brexit, some opportunities were recognised in markets outside the EU, however, for many food companies the product was not considered suitable for export further afield.

Table 8.29 below outlines the implications for Brexit on the Welsh food and drink industry based on the themes identified in Figure 8.4 above. Positive outcomes were envisaged in creating international opportunities, as well as a decrease in legislation once the UK leaves the EU. Negative outcomes point to a short-term increase in costs; uncertainty over future opportunities, funding and the continuation of the EU workforce; a potential loss of business outside the single market and implications on the quality of British products through the potential loss of protected food names, abolition of EU regulations under UK law and a general impact on the reputation of Welsh and British food producers from the outcome of the Brexit vote.

Consequently, developments during the Brexit negotiation period are crucial for Welsh food businesses, with the need for the current situation to be maintained, including access to the single market. The role of the government is therefore considered more important than ever in supporting SMEs and ensuring access to sufficient funding remains available. Despite this, businesses should consider diversification of their business, in order to be able to spread the risk and remain competitive across various markets.

Table 8.30: Analysis of Brexit Implications on the Welsh Food and Drink Industry

POSITIVE OUTCOMES	International opportunities	A short-term increase in international sales was seen due to the decrease in the value of the pound.
		International exports to non-EU countries is seen as an opportunity, particularly China and the Middle East.
	Less legislation	EU regulations were seen as negative to some producers, leaving the EU could remove such regulations.
NEGATIVE OUTCOMES	Increase in costs	Immediate increase in the price of goods was observed. Companies may need to increase product prices to offset this.
	Uncertainty	Producers were unable to foresee future developments.
		Questions were raised over access to funding.
		The availability of the EU workforce is unknown, which is vital to many food SMEs.
	Loss of business	No access to the single market could mean tariffs for export, which would be too costly for many small businesses.
		European customers are already looking for alternative suppliers outside the UK.
	Quality implications	Loss of Protected Food Names status would affect perceptions of quality of Welsh and British products.
		Loss of EU regulations could mean a reduction in quality.
		Potential negative impact on the overall reputation of Welsh and British food producers.
THE WAY FORWARD	Trade negotiations	Brexit negotiations with EU are crucial to maintain the current situation for food companies.
		Access to the single market is essential for SMEs looking to export.
	Support	The role of the Government in supporting food SMEs is more important than ever.
		Need to maintain funding to support SMEs.
	Business focus	Consider diversification to spread risk across various markets.

8.8 Conclusion

This chapter presented and analysed the main themes derived from the interview phase of this study. Distinctions were made between exporters and non-exporters, however, the same four themes were identified as being relevant to both types of company. Themes pointed to the motivation for a company to internationalise, the conditions in which the companies operate, the attributes that define the company, as well as facilitators that have the potential

to influence internationalisation. Relevant sub-themes were identified within each theme, which explained the situation for both exporters and non-exporters, with the exception of the motivation theme, where differences were observed in the desire for the different companies to internationalise and how this came about.

Results showed that many companies of all sizes and with different offerings have the ability to internationalise. The first defining factor for internationalisation is the company motivation, as differences were observed between companies who have no desire to internationalise, those whose focus is on maintaining and developing the domestic market, and those who seek internationalisation, either proactively or reactively. The ability to internationalise is also dependent on the conditions. Small companies have limited resources and, as small businesses, awareness of the company and its products is often limited. Additional challenges make the prospect of internationalisation difficult, but these challenges can be overcome. The company identity and other attributes, such as distinctive product characteristics, product quality and the use of provenance are significant in facilitating the company's ability to internationalise along with different facilitators. Support is widespread in both regions through the local government and local cluster groups, enabling companies to network in local, national or international levels in order to share resources and ideas. Furthermore, effective marketing has been seen to help companies overcome a lack of awareness by using distinctive features, such as protected food names, local culture or regional brands to promote products both nationally and internationally.

Additionally, Brexit emerged as a theme which was specific to Welsh respondents only, given the result of the referendum vote on 23 June 2016 which decided that the United Kingdom should leave the European Union. Given its specific relationship to Welsh respondents only,

it was decided to remove this theme from the collective thematic analysis and conduct a separate analysis for this theme, as the findings of this theme would not directly explain the situation of Breton respondents. Results from this analysis pointed to Brexit as a challenge to internationalisation, should access to the EU single market be denied to Welsh companies. Further issues were raised over the potential impact on quality, should companies not be able to benefit from protected food names statuses or a reduction in regulation. Opportunities for export into non-EU markets were recognised, however, product characteristics and limited resources meant that these opportunities could prove more difficult to exploit than the access to the single market. In light of these uncertainties and the unknown outcomes of the Brexit trade negotiations, the role of the government in providing support through funding and advice is considered more relevant than ever for small businesses.

Following the presentation and discussion of the qualitative findings in this chapter, the next chapter provides an interpretation of the findings from both phases of the study, as well as answering the main research questions.

Chapter 9: Discussion

Following the presentation of quantitative results (chapter 7) and the qualitative results (chapter 8), the aim of this chapter is to outline the key findings of the study, as well as discuss implications of these findings on food and drink SMEs. Here, the findings of the study are discussed in relation to findings from previous studies (as documented in chapters 2, 3 and 4), and seek to identify the critical success factors for the internationalisation of food and drink SMEs. To reach this goal, this chapter firstly revisits the research questions of the study to reach more complete conclusions, before also assessing the validity of the conceptual model for the internationalisation of food and drink SMEs, presented in Figure 4.7. Having drawn suitable conclusions, the second part of the chapter explores the industry implications of the findings, using data triangulation to conduct a cluster analysis for the identification of company types that can explain internationalisation. Finally, the findings of the study are used to develop a roadmap to internationalisation, in which all food and drink SMEs could find the recipe for successful internationalisation.

9.1 Revisiting the Research Questions

The importance of research questions cannot be overlooked since they act to guide the different processes of the study, including the literature search, research design, data collection and analysis processes (Bryman & Bell, 2015). As a result, it is necessary to revisit the research questions presented in Table 4.2, derived from the theoretical discussions in chapters 2, 3 and 4. Hereafter, each research question is outlined, with results of both the quantitative and qualitative phases being used to provide a detailed answer.

9.1.1 Research Question 1: How significant is the location of a firm in its propensity to internationalise?

Location as a determinant of the internationalisation of SMEs is an issue discussed by Freeman et al. (2012), both as an under-researched area and as a significant factor for investigation. Quantitative results from this study showed no significant results in the correlation analysis between location and internationalisation (see Table 7.40) or in the regression analysis (Table 7.56). Despite this, descriptive statistics (Figure 7.6) pointed to the fact that most companies were located in rural areas (50.7% of exporters and 60% of non-exporters), which is unsurprising given the focus on the food and drink industry and the connections between food and its origins (Tregear, 2001). The fact that the majority of exporting companies are located in rural areas suggests that the company location is not a barrier to internationalisation, contradicting results of Chevassus-Lozza & Galliano (2003) that the concentration of companies in metropolitan areas positively impacts on internationalisation. This is confirmed when considering the percentage of exporters and non-exporters among all rural or urban-located companies, with the majority of companies in each location being non-exporters (61% non-exporters in rural areas, 51.4% in urban areas), albeit with a higher percentage of exporters in urban areas.

The success of rural-based companies in pursuing internationalisation seen in this study echoes that of the “remote yet global” companies experienced by McAuley and Fillis (2005, p. 506) in their study of Orkney craft businesses, which was partly attributed to their cultural identity. Parallels can be drawn between food and craft companies, as seen in the Kneafsey et al. (2001) study. Although no relationship was observed between the use of product provenance and internationalisation in the quantitative results, the qualitative results highlighted that more than half of rural-based exporters possessed different levels of

provenance associated with the product. Indeed, a number of companies in Brittany spoke positively of their membership of the *Produit en Bretagne* brand, with some Welsh respondents also showing support for the creation of a similar brand in Wales, as was the case with food producers in the Kneafsey et al. (2001) study. The use of unique local cultural resources corresponds to the VRIN model (Barney, 1991) and the idea of developing a sustainable competitive advantage, which can be derived from the company's location.

The main discussions of company location in relation to internationalisation (as seen in chapters 2 and 3) revolve around indirect location effects, particularly resource availability. Although not identified as a barrier preventing internationalisation, resource restrictions pose challenges to some rural-located companies (Lages, 2000; MacGregor & Vrazalic, 2005; Meccheri & Pelloni, 2006). These claims are supported by the findings of this study. In the qualitative results, 6 of the 8 exporters from rural areas pointed to low levels of resource availability, this compared to 11 of the 13 non-exporters from rural areas. Similarly, rural respondents pointed to higher levels of challenges, with 4 of the 8 rural-based exporters having high levels, and 10 of the 13 rural-based non-exporters expressing high levels of challenges. Respondents E4 and E14 alluded to logistics challenges because of their remote rural locations and their perishable products, however, they are able to overcome these challenges. Respondent E4 stated that the company has previously considered relocating to a more favourable location, but has remained in its location due to the available expertise.

“We’ve looked at this as a company at whether it would benefit us to move to a more central location and I think we’ve done that exercise a couple of times and each time we’ve concluded no, because we would lose, well combined in here we’ve got about 20 odd people who have been here for 20 years and that knowledge and experience, you just can’t start that over again, so it has its benefits, it has its negatives, but we’re here to stay.” (Respondent E4)

It is evident therefore that location advantages can be observed where the relevant infrastructure and services are available, supporting evidence from Boter & Lundström (2005) and Walker & Brown (2004). Whereas previous studies have identified spillover effects benefitting urban-located companies (Capello & Faggian, 2005), a number of rural-based interview respondents spoke of the benefits they have experienced in their local area from other similar companies, suggesting that spillover effects are not confined to urban locations. Respondents E1, E2, E3 and E7 spoke of the benefits of local cluster groups in which they can benefit from sharing knowledge and resources of local exporters, whether in the same or different industries. This echoes evidence from Mittelstaedt et al. (2006) and Vatne (1995) on the benefits of clusters or ecosystems of entrepreneurship (Isenberg, 2011) present in certain locations. Such groups need to be harnessed within different regions, bringing together different actors who can facilitate company growth. The government can play an important role in ensuring that companies can have access to such networks and creating the conditions in which they can flourish. Furthermore, some Breton respondents (E9, E12, E13, E15) spoke of the values of membership of the *Produit en Bretagne* network in sharing resources needed for export. As an association of approximately 400 companies of all sizes, smaller food producers can benefit from the increased resource-base of larger firms within the network (Westhead et al., 2004).

As smaller rural-based companies, interview respondents spoke positively of the company's image as a small rural producer, which was a significant element of the company narrative for several respondents (E1, E2, E3, E7, E8, E11, E12, E13, E15), who sought to use this as a promotional tool through the company website. Sparkes and Thomas (2001) highlighted the importance of the internet in the international success of small food companies. Respondent

E2 spoke of limited access to broadband internet as being a challenge to their ability to operate, however, it is evident that the internet is an important tool for small food companies to raise awareness of their products on a local, national or international scale and can also develop e-commerce opportunities.

For the question of company location and its significance to internationalisation, it is evident that although differences can be observed between urban and rural locations in the challenges and opportunities that SMEs face, no relationship can be observed between the location and internationalisation. This study has shown that many food and drink SMEs are located in rural areas, and although challenges have been noted in relation to resources or infrastructure, a rural location can also bring advantages, particularly in areas where there are other exporting companies from which smaller food producers can learn. In order to overcome the challenges of a rural location, access to networks and appropriate support is essential in ensuring that SMEs can take advantage of opportunities to internationalise. It is recommended that more research be conducted into the role of company location in internationalisation in order to gain a deeper understanding of the issue, based on different contexts.

9.1.2 Research Question 2: How significant are diaspora networks in facilitating internationalisation?

One approach for overcoming the constraints of a rural location discussed in the literature is by making use of diaspora networks, as seen with fish exporters from the Azores in the Camara & Simeos (2008) study. Results in Table 7.19 document network connections as being a significant resource needed for internationalisation. Within the network construct, Table 7.24 shows that access to expatriate contacts ranked as the most important network element, with a mean of 3.44 for combined results and identical means evident for both exporters and

non-exporters. However, whereas a correlation was found between business network connections and internationalisation, no significance was identified for expatriate contacts in the correlation or regression analysis.

The above quantitative results imply that expatriate contacts are not a significant factor to the successful internationalisation of a company, however, the issue of expatriate contacts and diaspora networks emerged in the interview responses as a means in which internationalisation could be facilitated. This was especially true among Breton respondents, who identified this fact as an opportunity for internationalisation. Given that limited foreign market knowledge and unfamiliarity with legal practices/paperwork were recognised as the main obstacles to internationalisation (see Table 7.23), making use of expatriate contacts located in foreign markets could bring advantages in facilitating internationalisation, as they are aware of both the product and the destination market. Respondents E13, E14 and E15 all underlined the fact that Breton people have a history of travelling around the world and sharing their culture and their food. For E14 this brought opportunities to raise awareness of their products through famous Breton chefs.

“Well, yes for seafood especially, so it helps us and also the fact that Breton people travel a lot, I mean there are many Breton chefs in other places in France, so the product is important to them too and they would need it for their cooking.” (Company E14)

Respondent E13 admitted to actively engaging with the Breton diaspora as a means of increasing internationalisation by targeting Breton associations, embassies and schools abroad to promote their products. Additionally, E15 recognised the benefits of Breton associations worldwide, also lauding the work of the *Produit en Bretagne* brand as a way of raising awareness of Breton products to different audiences, but also bringing a sense of pride to Breton people towards their products. As mentioned above, lessons can be learnt in Wales

from Brittany as to the benefits seen from a 'Made in' brand, not only in raising awareness of the origins of products from particular locations, but also in generating pride in the products from the region. It is recognised that there is a rich global Welsh diaspora, as respondents E4 and E7 spoke of foreign market connections that had been generated through Welsh contacts in the destination market, however, it could be seen that there is less of a tendency for Welsh people to share their culture and food with the people in the countries where they settle, meaning that awareness of Welsh products is not as strong around the world as it could be. Furthermore, the Reverse Diaspora Effect (Kumar & Steenkamp, 2013), where tourists visit a country and later seek to purchase products they have experienced there once back at home, is something that companies have experienced (E1, E2, E7, E9, E11, E12, E15). This is something that companies could promote by creating visitor centres at their production sites, as seen by Everett (2012, p. 535) in the context of Scotland and Ireland, with tourism developing "new arenas of consumption". National governments should seek to build greater links between food and tourism.

Collective results from both phases of this study lead to conclusions that diaspora networks are not definitive in effecting internationalisation, however, they are a means of opening doors to international markets through already existing contacts, or contacts which have knowledge of the product or may be sympathetic towards a company's efforts to internationalise due to common origins. Traditional SME internationalisation theories of the Stage Approach (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977) imply that internationalisation occurs in incremental steps initially to culturally and geographically close markets due to a 'psychic distance'. Network connections in international markets, particularly through national diaspora networks, can act to bypass this 'psychic distance' and instigate a more rapid internationalisation process for SMEs. Certainly, Ireland has been a

leading example in how countries can engage with their diasporas for economic benefit, expanding the population of 4.4 million people to a diaspora network of 70 million people (Aikins *et al.*, 2009). As regions of similar sizes and with similar cultural values, both Wales and Brittany have the potential to tap into their global diaspora networks. The reach of the *Produit en Bretagne* association has already been documented, but initiatives such as Breizh Amerika, the Breton diaspora association in America (Breizh Amerika, 2017), or Global Welsh (Global Welsh, 2017), the Welsh diaspora network, play an important role in supporting companies from their home region in seeking foreign market connections that can lead to internationalisation.

9.1.3 Research Question 3: How significant are external support measures in facilitating SME internationalisation?

It has been stated that very few companies, regardless of their size, have the ability to internationalise without making use of some kind of support. Results of this study back-up these claims, highlighting that all companies need support, but also that access to support is a significant element in driving internationalisation. Quantitative results first showed the importance of support in relation to internationalisation through awareness of support, which was considerably more prominent among exporters (54.79% compared to 38% awareness for non-exporters in Table 7.22). Statistical significance was shown for the support awareness variable in both the correlation analysis and regression analysis, the latter marking a positive relationship between awareness and internationalisation. With relatively high means for both exporters and non-exporters in the Support (Table 7.25) and Support Aspects (Table 7.26) constructs, it is apparent that support is essential for all types of companies. Despite this, differences exist between exporters and non-exporters in the types of support needed. Table 7.26 shows that non-exporters require more resources that could help to put them in a

position to be able to internationalise, such as access to R&D, training, foreign market information, networks and financial support. However, access to international trade fairs had a mean greater for exporters (3.97) compared to non-exporters (3.71), identifying it as a more significant support measure for exporters. Indeed, Table 7.66 shows a strong positive relationship between support for trade fairs and internationalisation. Another point of interest is that exporters are more likely to be encouraged to internationalise than non-exporters (Table 7.35), either by the government (mean of 2.55 for exporters, 2.18 for non-exporters) or international partners (2.56 compared to 1.85). Qualitative results confirm these findings, pointing to higher levels of support availability among exporters, with 11 out of 15 exporters in the high level (Table 8.14) compared to 9 of the 22 non-exporters in the high level (Table 8.27). Interview observations underline the role of the government or of local network actors in encouraging and supporting exporters into internationalisation. As a result, the development of local cluster groups or ecosystems of entrepreneurship should be harnessed within regions.

The previous section underlined the role of networks in facilitating internationalisation, acting as a means for companies to overcome limited resources and providing support to companies seeking internationalisation. Various studies recognise the role of network players in providing support to internationalisation (such as Lu & Beamish, 2001; Suárez-Ortega & Álamo-Vera, 2005; Mtigwe, 2006). Exporting interview respondents spoke highly of the support available to them in facilitating internationalisation. Welsh respondents particularly applauded the role of the Welsh government in opening doors to international trade shows, as well as the work of local cluster groups and the solidarity that was evident between local food companies. Solidarity and cooperation was also evident among Breton respondents, with support also available through the local chamber of commerce, regional council and the

Produit en Bretagne association. Qualitative results of the Support construct (Table 7.25) underpin companies' views on the significance of various support actors in internationalisation, as discussed by Johanson and Vahlne (1990). Here, results show similarities between exporters and non-exporters, with distributors the most significant support actor, followed by overseas market agents and government. Statistical significance is seen in the regression analysis (Table 7.65) for the chamber of commerce variable, showing a positive relationship to internationalisation, and the local universities variable, where a negative relationship was found. The findings confirm conclusions of Mtigwe (2006) that internationalisation is not a solo effort and that networks play an important role, since companies depend on support from different actors. Relationships with other local companies, cluster groups or the government were emphasised by various interview respondents, both exporters and non-exporters, as an important source of support in helping companies to grow, particularly on an international level. It is apparent that that such relationships act as a competitive advantage for companies in being able to overcome the challenges of internationalisation (Wilson, 2006; Kuhlmeier & Knight, 2010).

Interview responses, particularly from Welsh companies, underlined that support for SMEs is more important than ever, especially given the increasing uncertainty caused by Brexit. The necessity of support for all businesses has been outlined above, however Brexit has meant that companies have difficulties in planning ahead, given the lack of details of the future access to the single market and the availability of the EU workforce upon which many small food businesses depend. With a 2-year negotiation period of Britain leaving the EU, the uncertainty is unlikely to dissipate in the short-term, therefore dialogue between the government and food companies is essential in ensuring that the effects are minimal. Thematic analysis related to Brexit identified access to the single market as a vital element in

internationalisation, given that 88.6% of Welsh exporters sell to Europe (Figure 7.29). Consequently, government support is vital for exporters in maintaining export opportunities to Europe, as well as ensuring that non-exporters can develop internationalisation opportunities.

Literature on SME support points to variations in effective measures for rural entrepreneurship based on context and external influences (Fuller-Love *et al.*, 2006). Additionally, Andersson and Evangelista (2006) advise government actors to focus attention on new entrepreneurial firms that lack resources to internationalise. The findings of this study add weight to this argument due to the effectiveness in governments facilitating companies to attend international trade shows, or providing incentives to internationalise, as seen by Suárez-Ortega and Álamo-Vera (2005). Findings also show that support to existing exporters is more effective through local networks, in which companies have more trust with other local companies and have the ability to share valuable resources. Indeed, Johnsen and Johnsen (1999) highlighted the value of trust in local relationships in their study of Ayrshire textile SMEs. It is evident that success breeds success, therefore localised ecosystems of entrepreneurship (Isenberg, 2011) can create a supportive environment for the exchange of ideas and best practice towards internationalisation (Wilson, 2006). However, the government can play an important role in enabling the development of such networks and championing successful examples.

9.1.4 Research Question 4: What are the most significant barriers to SME internationalisation?

Research questions 1, 2 and 3 have all identified a lack of resources as a challenge to internationalisation, although the use of networks and other support measures ensure that these do not prevent internationalisation. It is recognised that distinctions can be made

between different resources (Barney, 1991), such as physical, human and organisational capital resources. Quantitative results of this study observed resource-based obstacles as the main challenges for SMEs, with descriptive statistics (Table 7.23) showing the highest means for the limited foreign market information, unfamiliarity with legal practices/paperwork, lack of time, lack of financial resources and difficulty with logistics/distribution variables. Unsurprisingly, higher means were evident for non-exporters for these variables, highlighting that they were unable to overcome these challenges in order to internationalise. Furthermore, differences between exporters and non-exporters are underlined in the T-tests (Table 7.33), with differences observed for the difficulty with logistics/distribution, lack of company personnel, lack of time, legal differences, lack of support/incentive, too big a risk and limited production capacity variables. These findings imply that these are significant obstacles that non-exporters have not managed to overcome in order to internationalise. The correlation analysis (Table 7.47) identified a negative correlation between internationalisation and the lack of company time, legal differences, lack of support/incentives, too big a risk and limited production capacity variables. These findings indicate that internationalisation increases as these variables decrease. The regression analysis (Table 7.62) supports the above findings for the lack of support/incentive, too big a risk and limited production capacity variables, as negative relationships were observed. However, a positive relationship was observed for the cultural differences variable, highlighting a relationship between awareness of cultural differences in international markets and internationalisation.

Comparing qualitative results between exporters and non-exporters, it comes as little surprise that non-exporters expressed higher levels of challenges compared to exporters. Challenges were observed among exporters, with Table 8.9 showing that 7 of the 15 companies

experienced high levels. For non-exporters, 17 of the 22 respondents experienced high levels, with no respondents expressing low levels of challenges. For exporters, the main challenges outlined were logistics, and the difficulty of delivering products to international markets; legislation, and the lack of market knowledge relating to paperwork; and the product shelf-life, which is a challenge for food producers and restricted some companies in their ability to internationalise to certain markets. Other challenges discussed related to the cost and risk of internationalisation, as well as the time needed to dedicate to international activities. These challenges echo the internal-domestic and external-domestic challenges discussed by Morgan (1997). As discussed in relation to research question 3, Brexit is a more recent challenge that has emerged, particularly for existing exporters who sell their products in the EU. Given the limited shelf-life of certain food products, the EU is an attractive market for food producers, as it is more accessible than markets further afield. Access to the single market was observed as an essential outcome from Brexit for food producers, ensuring that companies would not need to pay export taxes or tariffs to sell to EU countries. Dana (2003) identified excessive export taxes as one barrier to internationalisation in their study of food producers on the Chatham Islands, a remote location. Interview respondent E5, an exporter, lauded the benefits of access to the single market of the EU particularly as a means of smaller companies starting out in international markets.

“We wouldn’t be anywhere near as big a company...if it wasn’t for the ease of export into the European Union...Having the European Union was a great way to cut your teeth, as it was, to become an exporter, to become a respected exporter, and I really think that could hit the development opportunities in companies within Wales and the UK.” (Respondent E5)

Barriers to internationalisation expressed by non-exporters in the interviews focussed on company capabilities, product issues and legislation. The small size of some respondents explained why they were not engaged in internationalisation, as they were either

intentionally staying small and not seeking to expand, or the company was focussed on maintaining its small-scale activities due to production capacity. As with some exporters, the product shelf-life was a significant factor for some respondents, with some products not being suited to internationalisation, such as eggs or bread. Bureaucracy was an issue for some respondents in the way in which the company was unable to deal with difficult legislation related to their operations, which was seen to stifle opportunities.

Findings of the study highlight a number of challenges to internationalisation. Exporters have managed to overcome these challenges through engaging in networks or support from other companies, the government or other local actors. Although the literature discusses barriers to internationalisation, here the term *challenges* is preferred, since these factors do not prevent such companies from internationalising, but do make this process more difficult. For non-exporters a distinction is made between companies which are unable to internationalise due to the barriers being too great, mostly linked to the company's small size or the unsuitability of the product for internationalisation, and companies that have not managed to overcome the challenges of internationalisation. It is evident that such companies face similar challenges to exporters, however, the lack of success in internationalisation of these non-exporters could be explained by a lack of support or network connections, or limited motivation, especially as more non-exporters are less open to taking risks as exporters.

9.1.5 Research Question 5a: How significant is the role of place-based marketing in promoting the internationalisation of food and drink products?

Findings of the study recognise that the products of the participating food companies possess a strong cultural identity. This is unsurprising when considering the strong associations between food and its place of origin (Tregear, 2001). Certainly, culture can be seen to be both embedded within the food and drink products of study participants, such as the cultural

heritage of products from both region (for example cider in Brittany or red meat in Wales), and socially constructed through the promotion of products (Pike, 2009), such as with the *Produit en Bretagne* association in Brittany, or the use of the Welsh language in Wales. Quantitative results in Figure 7.15 highlight the strong product cultural identity (76.9%), as well as the use of origin-based branding (67.46%) and iconography of the region (58.8%) in promoting the product. Additionally, qualitative results saw respondents express the importance of provenance to the product, with the majority of exporters (12 out of 15) and non-exporters (15 out of 22) showing a medium or high level of provenance. It is clear that provenance plays a major role in the marketing of products for both exporters and non-exporters. Table 8.15 identified 11 of the 15 exporters as having a medium or high level of regional marketing, compared to 13 of the 22 non-exporters (Table 8.28).

For small food businesses, the company story is an important unique element in marketing. The small nature of the company and its unique narrative is linked to its location and serves as a competitive advantage as this appeals to many customers over mass-produced products from larger companies, as expressed by respondent E7. Whereas some non-exporters, such as N15, recognised the need to engage in more internationally-focussed marketing activities, the focus of raising awareness of the products was significant for exporters. The reputation of the region is a key factor in the awareness of the products, with Table 7.18 showing that both exporters (79.45%) and non-exporters (66.67%) consider the reputation of their region to be positive. For companies with cultural products, this is significant. Indeed, Table 7.45 outlines a positive correlation between the regional reputation and internationalisation. Interview respondents from Brittany pointed to the benefits of the *Produit en Bretagne* association and brand as an important element in the awareness of products from the region. The iconic logo was seen as bringing benefits to members on a local scale, where local

consumers and tourists could easily identify Breton products, as well as on an international scale, as the reputation of Brittany was considered to be positive outside of France. Although no equivalent 'Made in' logo exists in Wales, respondents referenced Welsh cultural markers, such as the Welsh language or a red dragon, as being important element in distinguishing Welsh products, both locally and internationally. Some Welsh respondents were positive towards the idea of establishing a Welsh brand, however, as seen in Kneafsey et al. (2001), some producers were cautious that a Welsh brand needed to be done right, and that thought would need to go into the brand identity.

Given the close associations between food and its place of origin (Tregear, 2001), particularly linked to *terroir* (Barham, 2003), it is inevitable that the cultural identity of the location plays a role in the product's identity. With both regions of this study having a reputation for food and strong cultural identities, the use of place-based marketing acts as a competitive advantage in promoting products from the region, as this involves inimitable resources of place, as discussed in relation to the VRIN model (Barney, 1991). The *Produit en Bretagne* brand is a significant element that cannot be overlooked, as interview respondents pointed to the positive image it has created for its members' products. Considering the correlation between the regional reputation and internationalisation, the positive comments from interview respondents, and the fact that a higher percentage of exporters was observed in Brittany (61.3% of Breton respondents) than in Wales (32.7%) among questionnaire respondents (Table 7.2), it can be deduced that the *Produit en Bretagne* brand has had a positive impact on internationalisation for Breton companies. Consequently, the development of a similar brand should be considered in Wales to explore whether this could bring benefits to the internationalisation of Welsh SMEs. With many non-exporters also engaged in place-based marketing, it can be concluded that the use of such marketing is not

the key to opening the door to successful internationalisation, however, it plays an important role in raising awareness of the products, which can facilitate internationalisation in the long run.

9.1.6 Research Question 5b: How significant is the use of geographic indications (PDO/PGI) in facilitating internationalisation in food and drink SMEs?

As with the cultural characteristics of the products discussed in the previous section, the possession of a protected food name status, such as a PDI or PDO, can act as a significant competitive advantage based on the VRIN model highlighting unique resources (Barney, 1991). The concept of *terroir* (Barham, 2003) identifies unique characteristics of place that are indicative of certain products, as seen in the different characteristics of wines, therefore the protection of such characteristics is important both as a mark of quality and as an effective marketing tool. The study observed that relatively few respondents possessed products with protected food names, however this was more evident among exporters (21.9%) than non-exporters (9.37%), as seen in Figure 7.17. Given the statistical significance showing a positive correlation (Table 7.44) and a positive regression (Table 7.60) with internationalisation, the significance of protected food names as a facilitator to internationalisation is confirmed.

Interview respondents placed an emphasis on the need for quality products, which for some exporters was seen as an opportunity to engage with famous chefs who could promote the products, and could generally help maintain the region's positive reputation. Concerns of Tregear et al. (2015) that the use of Geographic Indicator (GI) labels creates a proxy quality mark should be adhered to, pointing to the need for collective interaction between various actors linked to the label, as well as government support. The positive impact of GIs observed in this study can be supported by the observations of collaborative action between companies in the food industry, as well as the support shown from the government or local chambers of

commerce. Additionally, the positive regional reputation of both regions meets the considerations of Belletti et al. (2009) towards the effective development of GIs as an internationalisation tool. That said, the role of the government in supporting the development of protected food names, particularly in Wales, has been and continues to be significant, particularly considering the uncertainty of Brexit. This was a concern for respondent E2, a Welsh producer possessing a product with a PDO status who expressed apprehension over the future protection of this status and the need for clarity from the government.

9.2 Evaluating the Conceptual Framework

The aim of this study is to identify the critical success factors for the internationalisation of food and drink SMEs. Bridging theories of SME internationalisation and place, chapter 4 saw the establishment of a conceptual framework (Figure 4.7) designed to outline the key factors of food and drink SME internationalisation. The framework also formed the basis of the study, as both quantitative and qualitative data was collected to measure against the 13 constructs of the framework. Section 7.2 documented the results of validity and reliability tests for the scales of each construct, following a factor analysis and Cronbach's alpha tests. With questions mostly based on demographics, no scale questions were part of the Company Characteristics and Owner-Manager Characteristics, therefore no validity or reliability tests were conducted for these constructs. Table 9.1 shows that validity and reliability of each construct was confirmed, which upholds the relevance of the constructs and their respective variables in the study and therefore the relevance of the factors of the conceptual framework.

Table 9.1: Evaluation of Conceptual Framework Factors

Construct (from Quantitative Analysis)	Validity	Reliability
Company Characteristics	-	-
Owner-Manager Characteristics	-	-
Owner-Manager Experience	✓	✓
Resources	✓	✓
Product	✓	✓
Product COO	✓	✓
Environment Influencers	✓	✓
Environment Obstacles	✓	✓
Network	✓	✓
Support	✓	✓
Support Aspects	✓	✓
Company Motivation	✓	✓
Owner-Manager Motivation	✓	✓

Qualitative results were also used to evaluate the conceptual framework. Following the detailed process of exploratory thematic analysis (Braun & Clarke, 2006), identical themes and sub-themes were derived from the interview data for both exporters. Table 9.2 highlights the relevance of these themes to a number of the constructs of the conceptual framework.

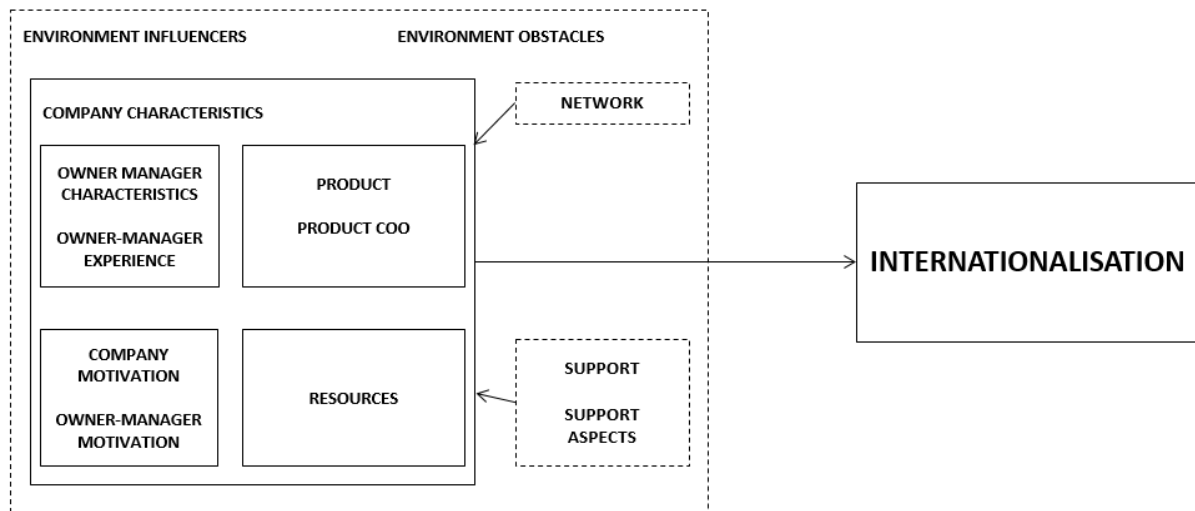
Table 9.2: Combined Themes and Sub-Themes from the Thematic Analysis

Theme	Sub-theme	Conceptual Framework Construct
Motivation		Company Motivation
		Owner-Manager Motivation
Conditions	Company	Company Characteristics
	Resources	Resources
	Challenges	Environment Obstacles
	Awareness	
Attributes	Product	Product
	Quality	
	Provenance	Product COO
Facilitators	Marketing	
	Network	Network
	Support	Support
		Support Aspects

It is evident from the above table that the themes derived from the qualitative phase of the study represent 10 of the 13 constructs of the conceptual framework. Only the Owner-Manager Characteristics, Company Motivation and Environment Influencers constructs are not represented in the qualitative results. The table also highlights that 5 of the sub-themes represent the product constructs. Here, it can be seen that differences exist between the characteristics of the product, such as quality or product awareness, and product provenance, which is also a strong aspect of the marketing of cultural products. As such, these differences can explain the distinctions seen in the quantitative phase between the Product construct and Product COO constructs. Despite the absence of themes relating to 3 constructs, the close association between the results of the thematic analysis and the constructs of the conceptual framework support the relevance of the conceptual framework.

As a mixed methods study, the combination of results from both methods provide a justification for confirming the conceptual framework as an appropriate framework for explaining the internationalisation of food and drink SMEs. The constructs formed from the framework confirmed the validity and reliability of each factor within the framework, while the exploratory thematic analysis identified themes and sub-themes that correspond either directly or indirectly to 10 of the 13 constructs of the framework. Furthermore, results of the exploratory factor analysis did not identify any additional factors that had not originally been included in the framework, therefore the researcher can be confident that the conceptual framework, presented again in Figure 9.1, provides a suitable explanation for the internationalisation of food and drink SMEs.

Figure 9.1: Confirmed Conceptual Framework for Food and Drink SME Internationalisation



9.3 Developing Typographies

Having confirmed the conceptual framework and the main factors that influence food and drink SME internationalisation, further analysis can be conducted at this stage to seek the development of company types that can explain the different approaches to internationalisation. Combining data from both phases of the study, a cluster analysis is conducted using demographic data from the quantitative phase and the themes from the qualitative phase. Thereafter, further data from the quantitative phase can be used to explain the key variables within the relevant themes that influence internationalisation for the different company types. At this stage, a two-step cluster analysis was conducted in SPSS using company demographic data relating to international activity, company age, size and location. Additionally, the 11 themes and sub-themes from the qualitative phases were coded numerically in SPSS (1=low, 2=medium, 3=high) for the purpose of the cluster analysis, the results of which are presented in Table 9.3.

Table 9.3: Cluster Analysis Results

Inputs	1	2	3	4
Location (1.00)	Rural (100%)	Small town (100%)	Rural (100%)	City (40%)
Resources (0.61)	Low (91.7%)	Low (77.8%)	Low (100%)	High (60%)
Challenges (0.61)	High (91.7%)	High (100%)	High (50%)	Low (50%)
Product (0.53)	Medium (50%)	Low (55.6%)	High (100%)	High (50%)
Provenance (0.42)	Medium (66.7%)	Medium (55.6%)	High (83.3%)	High (50%)
Awareness (0.41)	Low (50%)	Low (77.8%)	Medium (100%)	High (40%)
Network (0.40)	Low (75%)	High (44.4%)	High (50%)	High (80%)
Marketing (0.36)	Low (58.3%)	Medium (33.3%)	High (100%)	High (60%)
Motivation (0.35)	Low (75%)	Medium (44.4%)	Medium (66.7%)	High (60%)
Quality (0.30)	High (50%)	Medium (66.7%)	High (83.3%)	High (70%)
Company (0.29)	Medium (50%)	Low (44.4%)	High (66.7%)	High (60%)
Size (0.28)	1-9 employees (100%)	10-49 employees (55.6%)	1-9 employees (83.3%)	1-9 employees (40%)
Support (0.18)	Medium (41.7%)	High (44.4%)	High (66.7%)	High (90%)
Age (0.15)	3-5 years (50%)	11-20 years (44.4%)	21+ years (50%)	11-20 years (50%)
Activity (0.15)	Non-exporter (83.3%)	Non-exporter (66.7%)	Exporter (66.7%)	Exporter (60%)
Cluster Size	32.4%	24.3%	16.2%	27.0%

The above table outlines the 4 clusters obtained from the analysis, with inputs listed in order of the predictor importance value (0.0-1.0), where *location* is the most important input (1.00) and *activity* listed as the least important input (0.15). Results show a good representation of each cluster, with cluster sizes varying from 16.2% to 32.4%. For each input the most frequent category is listed, with the percentage of that category noted in brackets.

Cluster 1 represents a young (3-5 years) microenterprise (0-9 employees) that is not presently involved in internationalisation. Resources are low for this cluster, with high levels of challenges and low awareness providing an explanation of the lack of internationalisation. Awareness is low despite the product being of high quality and having a medium identity, however further constraints for internationalisation are seen in the low level of network access, low motivation to internationalise, low levels of marketing and medium support. It is apparent that the conditions for internationalisation are more difficult for this cluster, and such a company is unlikely to internationalise.

Cluster 2 identifies a small (10-49 employees), non-exporting company based in a small town with predominantly low levels of resources available. The company faces a high level of challenges to internationalisation, while awareness is low, which could be explained by a low level of product identity. Despite this, the cluster sees a predominantly high level of network access and a high level of support, although a medium level of motivation could explain the lack of internationalisation. Medium levels of marketing and provenance are evident, which are inherent elements of food companies. Given the relative experience of the company (being in operation for 11-20 years), the company can be seen as having the potential to internationalise in future, with the present focus most likely to be given to maintaining and growing the domestic market.

Clusters 3 and 4 explain exporting companies. Cluster 3 points to a reactive exporter given the company's rural location, low level of resources, high challenges and medium level of awareness. Although access to networks and support are both high, the motivation to internationalise is medium. Here, the product characteristics are strong, with high levels of product identity, quality, provenance and marketing. Microenterprises mostly make-up this

cluster, with companies tending to have been in operation for longer (21+ years). Conversely, cluster 4 represents a largely urban-based company (40% of the category relating to city-based SMEs) where a high level of resources, high awareness and low level of challenges mean that internationalisation is possible. This is further explained by the company's high levels of motivation, access to network and support. Product characteristics are high for this cluster. Companies in this cluster are predominantly microenterprises (1-9 employees) that have been in operation for 11-20 years. As a result, cluster 4 companies can be described as proactive exporters.

Having made distinctions between the characteristics of each cluster, the above descriptions can be matched with the relevant variables identified in the quantitative results to provide a more in-depth description of each cluster, particularly in relation to the types of resources required, challenges, product characteristics, network connections and support that relate to each (see Table 9.4). Thereafter, the company typographies can provide a better description of the companies and identify relevant support policies that can facilitate the company in seeking internationalisation.

Table 9.4: Key Variables Relating to each Cluster

Cluster	1	2	3	4
Resources	Technology, Unique resources, Business network connections	Technology, Unique resources, Business network connections	Technology, unique resources, business network connections	Technology, unique resources, business network connections, financial resources, foreign market knowledge
Challenges	Limited foreign market information, unfamiliarity with legal practices, lack of company personnel, lack of support/incentives, product unable to meet international demands, company product isn't innovative enough	Limited foreign market information, unfamiliarity with legal practices, lack of company personnel, lack of support/incentives, lack of production capacity, strong international competition, cultural differences, political differences, considered too big a risk	Limited foreign market information, unfamiliarity with legal practices, lack of time, lack of personnel, cultural differences, political differences, considered too big a risk	Limited foreign market information, unfamiliarity with legal practices, difficulty with logistics/distribution, cultural differences, political differences
Product	Competitive product, cultural identity product	Competitive product, cultural identity product, product branding based on origin	Competitive product, adaptable product, cultural identity product, product branding based on origin	Competitive product, adaptable product, innovative product, cultural branding product, product based on cultural identity, product branded with iconography of the region
Network	R&D cooperation	R&D cooperation, business cooperation	R&D cooperation, business cooperation	R&D cooperation, business cooperation, expatriate contacts
Support	Banks	Banks, government, university	Banks, Government, university, expert consultant, Chamber of Commerce, distributors	Banks, Government, university, expert consultant, Chamber of Commerce, distributors, overseas market agents
Support Aspects	Access to R&D, training, financial support	Access to R&D, training, financial support	Access to R&D, training, financial support, facilitating networking with partners	Financial support, facilitating networking with partners, foreign market information, access to international trade fairs
Environment Influencers			Access to international help, unsolicited orders from abroad, aware of support, encouraged to internationalise, responds to international demand	Awareness of growth opportunities, access to international help, aware of support, company open to risks, seeks international markets

Table 9.4 shows that cluster 1 has access to domestic resources and faces numerous challenges in order to internationalise, namely a lack of capacity and lack of knowledge-based and logistics-based resources. Network access is limited as the focus of the company is to maintain and develop the company's product. Support is available to help the company achieve this aim. Cluster 2 has access to similar domestic-focussed resources as cluster 1, with international challenges also related to limited foreign market knowledge and capacity. Although the company has wider access to support and is likely to be engaged in localised business networks, the risk for internationalisation is a barrier that is seen as too great.

As an exporter, cluster 3 has a similar resource base to cluster 2, although benefits from greater encouragement to internationalise, such as through the government or business partners. Internationalisation is a more reactive process for such companies, as the challenges are similar to those in cluster 2, however the greater access to networks and support means that they are in a position to respond positively to international demand. Orders are received due to greater international awareness of the product. Cluster 4 represents a proactive exporter, which possesses greater international resources. Challenges remain, however these can be overcome due to greater access to international support and networks with distributors and overseas market agents. Awareness of the product is greater here due to access to international trade fairs and also the use of regional iconography in promoting the product. Despite this, the company displays a greater desire to internationalise, as they are open to taking risks.

Based on the characteristics of the 4 clusters discussed above, Figure 9.2 provides an outline to the different company types that these clusters explain, identifying the main opportunities

and challenges they experience in relation to internationalisation, as well as identifying appropriate support needed to help the company grow.

Figure 9.2: Food and Drink Company Typography

TYPE OF FIRM		OPPORTUNITIES	CHALLENGES	SUPPORT NEEDED
NON-EXPORTERS	Improbable Exporter	Quality product Support available	Low product awareness Limited production Limited resources	R&D support Financial support Access to training
	Domestic Market Focussed	Quality product Product demand Support available	Low product awareness Limited production Limited resources	R&D support Financial support Access to training Awareness to opportunities
EXPORTERS	Reactive Exporter	Product demand Product awareness Support available	Limited resources Limited network Financial limitations Limited market knowledge	Financial support Awareness to opportunities Awareness of trade shows Access to network partners
	Proactive Exporter	Product demand Product awareness Network contacts Support available	Financial limitations Logistics limitations Limited market knowledge	Financial support Access to trade shows Access to network partners Foreign market information

Based on the findings of the cluster analysis (Table 9.3) and considering results of both data analysis phases of the study, the four company types in Figure 9.2 are labelled as *Improbable Exporter*, *Domestic Market Focussed*, *Reactive Exporter* and *Proactive Exporter*. The *Improbable Exporter* (cluster 1) is mostly a rural-based microenterprise without the capacity to internationalise, either due to a low level of resources, low product awareness or limited resources. This type also includes companies with an incompatible product to internationalisation. These companies possess a quality product and support which can help the company grow domestically, however R&D, financial and training support is necessary for this to occur. Also a non-exporter, the *Domestic Market Focussed* company possesses quality products which are in demand in the domestic market, as well as the availability of support. The company can vary in size, but is mostly a small enterprise with some experience (11-20

years). Internationalisation is not a priority for such companies as they consider internationalisation to be too great a risk. Challenges to internationalisation are evident through low product awareness, limited resources and a limited production capacity. Support for such companies should focus on developing the business and its products, bringing opportunities for R&D, training and access to finance. To help initiate internationalisation, support in developing awareness to international opportunities would be beneficial. Given that such companies are located in small towns, the opportunities to develop localised networks is an attribute that can bring mutual benefit to such companies.

Cluster 3 can be described as a *Reactive Exporter*. Such companies are less likely to seek international opportunities, but engage in internationalisation after being encouraged to do so by the government or business partners, and are likely to respond positively to international orders they receive, where their resources allow them. Opportunities for internationalisation occur as product awareness is greater, creating demand for the product in foreign markets. Additionally, support is available in different forms to help overcome the challenges. These challenges include limited resources, as with most small companies, but a limited network, financial limitations and a lack of foreign market knowledge also pose problems. As a result, support for *Reactive Exporters* is essential and should focus on providing sufficient finance to be able to support their international activities, greater awareness to international opportunities, particularly to international trade shows as a means of raising awareness and building networks, as well as facilitating access to network partners who can take care of logistics and distribution. Characteristics of the firm seen in Table 9.3 point to these companies being mostly small in size, located in rural areas and being in operation for more than 20 years. Consequently, support would most be welcomed from

developing local food producer networks, as well as government support in opening doors to international trade shows.

The *Proactive Exporter* (cluster 4) shows the greatest motivation to internationalise, being more open to taking risks and more aware of opportunities in international markets. Product awareness and demand tends to be higher for such companies and international opportunities are also evident through greater access to networks and international-focussed support. Despite these opportunities, challenges are similar to those of the *Reactive Exporter*, particularly relating to foreign market knowledge and distribution capabilities, however network and support access is a means of overcoming these. Located across a range of locations, although mostly urban, *Proactive Exporters* can benefit from local networks and the ability to share resources, ideas and advice with other similar companies. Access to support could also be seen from local Chambers of Commerce or associations responsible for managing local brands. Additional support from the government is beneficial in attending international trade shows and identifying international network partners. No clearly defined company characteristics are evident for *Proactive Exporters*, as companies can be Born Globals (Rennie, 1993) or incremental exporters (Johanson & Vahlne, 1977).

The development of the company typographies represents a significant contribution of this study. Whereas previous studies have investigated the various aspects of the theories that impact on SME internationalisation, few studies seek to understand and categorise a company's relationship to internationalisation. Indeed, few studies distinguish between exporters and non-exporters in relation to internationalisation. The company typographies, developed from the cluster analysis, outline the relationship to internationalisation of companies at different stages of their development, allowing for the identification of the main

opportunities and challenges facing these companies, as well as the types of support they require. This categorisation of company types is reminiscent of the Network Approach to Internationalisation model (see Figure 2.5) by Johanson and Mattson (1988), in that it identifies companies at different stages of their internationalisation. Influenced by Network Theory as a revision of the Stage Approach, the model distinguishes between *early* and *late starters*, displaying a low level of company internationalisation, and the *lonely international* and *international among others* with high levels of company internationalisation. However, this study seeks to build on the Johanson and Mattson (1988) model by also analysing non-exporting companies' relationship with internationalisation as a means of better understanding internationalisation and identifying specific support needs to facilitate internationalisation.

The use of typographies in this study also builds on research by Fillis (2008), who employed a similar method to develop profiles of craft business owner-managers based on motivations to internationalisation. The four company types developed within this study are also influenced by motivation, distinguishing between different attitudes to internationalisation, reflecting theories of drivers to internationalisation (see section 2.7), such as the reactive and proactive motives discussed by Czinkota & Ronkainen (2006) and Hollensen (2014) (see Table 2.4) and push, pull and interactive factors (Etemad 2004) (see Table 2.5). Motivation differences are evident in the company types with non-exporters showing little or no desire to internationalise, due to a lack of managerial urge or ethical considerations evident among the Improbable Exporters, with the Domestic Market-focussed companies placing emphasis on the domestic market due to limited managerial urge and limited foreign market knowledge. Similarly, distinctions among exporters point to Reactive Exporters, who take a

more passive approach to internationalisation, based on receiving unsolicited orders from abroad, and Proactive Exporters, who show a greater desire to internationalise.

The investigation on non-exporting companies also draws back to literature on the barriers to internationalisation (see section 2.8), resource availability (see section 2.5) and International Entrepreneurship (see section 2.6). The lack of desire and awareness for internationalisation evident among the Improbable Exporters highlights both a lack of appetite for internationalisation due to company values (Jones & Coviello, 2005) and the challenges of limited resources and a greater perceived risk of internationalisation (Hollensen 2014). The Domestic Market-focussed company sees greater benefits in concentrating resources on the domestic market (Westhead et al. 2002) and not expanding the risk to international markets. For exporting companies, the perceived risk of internationalisation is less of a barrier (Dichtl et al., 1990), and although the challenge of limited resources remains, this is something that these companies can overcome, such as through engaging with networks (Camara & Simeos, 2008).

9.4 Towards a Roadmap to Internationalisation

The discussion of the different company types in the previous section has highlighted that, with the exception of certain companies with incompatible products, companies of all characteristics have the potential to internationalise. As a result, the aim of this section is to outline a roadmap to internationalisation based on the findings of the study, to which any food and drink SME could follow in order to successfully internationalise. It is evident from the findings of the study that the possibility to internationalise is influenced greatly by the conditions in which the company operates, product awareness and network connections. Here, these issues are explored in relation to the different themes identified in the qualitative

results and the factors presented in the conceptual framework, culminating in the development of two models discussed hereafter. The aim of these models is to provide a more practical contribution to knowledge on SME internationalisation, as a means for companies to better understand the main conditions in which internationalisation can occur, and to identify a more suitable way for the company to approach internationalisation, based on its capabilities.

9.4.1 Propeller Model

Firstly, Figure 9.3 outlines the conditions in which internationalisation can occur. The Propeller Model identifies 5 overlapping elements which explain the conditions in which internationalisation can develop. *Product* is the first element, since without a suitable product internationalisation cannot occur. This was evident in the interview results as some respondents expressed no desire to internationalise due to an ethical product or one that is not compatible to international sales. Product characteristics can also be an advantage for internationalisation, as both quantitative and qualitative results showed that adaptable products and those that use cultural branding can help internationalisation. *Company* characteristics can also have a bearing on internationalisation, as qualitative results showed that company age, size and independent status correlate with internationalisation.

Motivation is a third significant element as results in the cluster analysis showed different motivations towards internationalisation, between those with no desire, those focussed on the domestic market, reactive exporters and proactive exporters. A fourth element is *resources*. The importance of resources has been discussed at length, including in the company typographies where different levels of access to resources were significant in relation to a company's international opportunities. Finally, the company typographies also

highlighted the importance of *support* for small food and drink companies, whether from similar local companies, external organisations or the government.

The Propeller Model highlights that each element plays a significant role in creating the right conditions in which internationalisation can occur. The overlapping nature of the model underlines the relationships that exist between the various elements. For example, available resources or support have a bearing on the characteristics of the product or the motivation of the company. At the heart of the model, the overlapping of all elements represents the *optimum conditions* in which internationalisation can occur. Although it is unlikely that all elements can be present at the same time for most companies, the use of one or some of the elements can help propel a company towards internationalisation.

Figure 9.3: The Propeller Model of the Conditions for Internationalisation

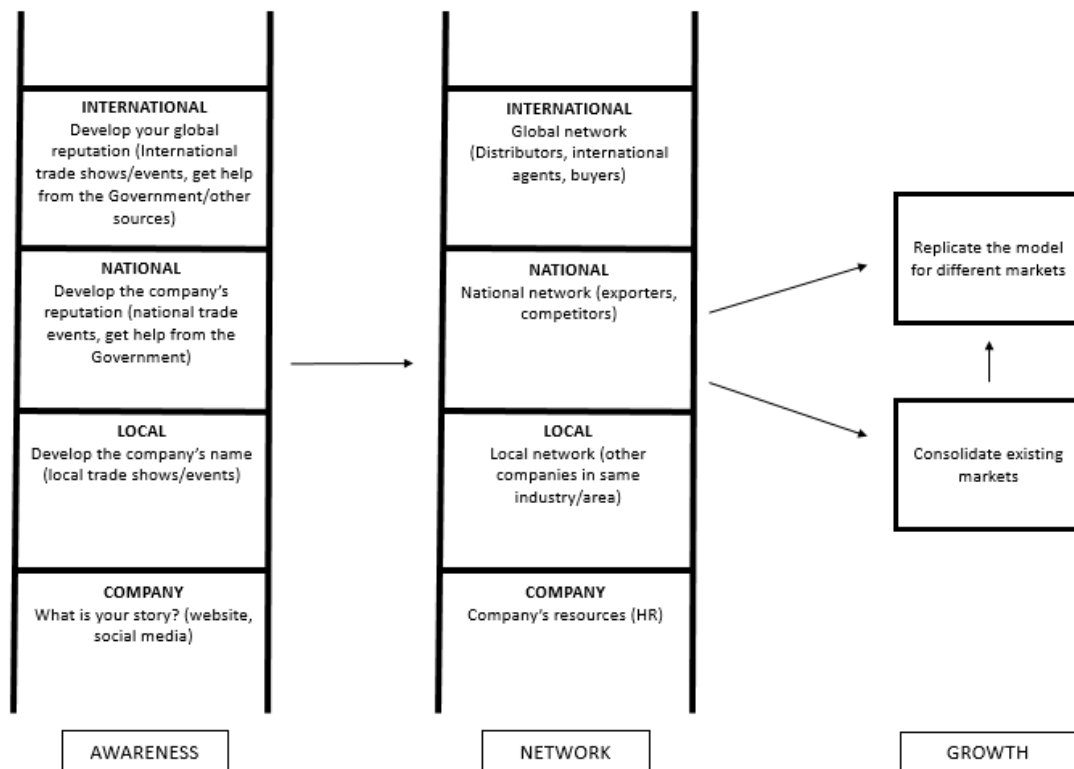


The Propeller Model includes elements which can be controlled in shaping the conditions for internationalisation, however the conditions for internationalisation are also influenced by the external environment. The conceptual framework highlighted that different environmental influencers (such as receiving unsolicited orders from abroad or access to broadband internet) and obstacles (such as cultural differences and unfamiliarity with legal practices/paperwork) to internationalisation exist, however some of these factors are more unpredictable and less likely to be controlled. Where the external conditions prove more challenging for SMEs, the more important it is to possess more of the elements of the Propeller Model, particularly greater resource availability and access to support.

9.4.2 Ladder Model

Having established the conditions in which internationalisation can flourish, Figure 9.4 presents the Ladder Model, which outlines facilitators to internationalisation. The model is comprised of two independent ladders, of awareness and network, which lead into growth. With each ladder, the different rungs represent different levels upon which awareness and networks can be seen, either on a company, local, national or international level.

Figure 9.4: The Ladder Model of Facilitating Internationalisation



Firstly, the internationalisation of a company can be facilitated by increasing awareness of the products, as without potential buyers being aware of products, sales cannot occur. Attempts to raise awareness can be seen on different levels. On a company level, the story of how the business come about is interesting for SMEs and can act as a competitive advantage for small companies, as this is unique to the company and some consumers prefer to buy from smaller independent companies rather than larger multinationals. As such, the company's website or social media pages are important places in which the company narrative can be told. Nowadays, the internet is an important fountain of information, therefore having a company website, social media pages and effective use of digital marketing techniques can raise awareness on a global scale. Secondly, awareness can be raised on a local level through a presence at local markets, shows or events, where local people have the opportunity to

purchase their products and other local companies can also become aware of the company and its products.

It is natural for a company to seek to sell products on a local level at first and, as the company grows, expansion can be seen on a national level. Awareness can be built on a national level through selling products in shops or at national-level events or shows. Sales on a national level can spark awareness with the government, which can help develop opportunities for the company to receive support or for the government to encourage the company to participate in international trade shows. Such events are a vital portal to the world, where international buyers and distributors can become aware of the product, the company and its story. Support is needed for SMEs to reach this level, which can be provided by the government, local cluster networks or independent advisory groups.

The second ladder presents the different levels of network and their roles in facilitating internationalisation. Network connections can be developed on a company level where personnel have international network connections, either through experience of working or living abroad. On a local level, networks can be developed by engaging with other local companies, whether in the same industry or not. Interview respondents pointed to support received from local companies as being an important element in the growth of their business, both in domestic and international markets. This can be further expanded on a national level, as companies can engage with other companies from their country to share resources, ideas and distribution channels. On a national level, the government can facilitate the development of networks, by supporting local or national cluster groups and providing companies with access to relevant contacts. International networks can be developed through international buyers, distributors or overseas market agents, which can initiate internationalisation for

food and drink SMEs. Access to such contacts is enhanced through attending international trade shows, where companies can interact with international contacts and develop a global network. Furthermore, national diaspora networks provide opportunities for companies to engage with expatriate contacts in international markets who seek to buy products that they know well from home. This is the case with Breton crêperies, who seek to import Breton cider or salted caramel. Governments are increasingly taking an active role in developing global diaspora networks, such as Breizh Amerika or Global Welsh, with the aim of developing international trade.

The two ladders are by no means linear and companies can find themselves on different rungs depending on their situation. For the awareness ladder, there is more of a natural progression from the foundation of the company to developing international activities by climbing each rung, however the time frame for this climb is unspecified and would be different for each company. That said, having an online presence these days provides companies with the opportunities to become known internationally, even without a strong presence on a local or national level. As such, it is evident that both the Stage Approach and Rapid Internationalisation remain relevant theories of modern-day internationalisation. For the network ladder, companies may be able to bypass certain rungs, depending on the availability of contacts to them, either through actively seeking contacts or contacts approaching the company. Unsolicited approaches from international contacts are dependent on the international awareness of the company, underlining the importance of the awareness ladder. However, international awareness could be derived through international actors having contact with personnel within the company, highlighting the interconnection of both ladders. A third element of the model is growth, as developing awareness and network connections can facilitate international growth. Using the model to expand into one

international market, the company can then aim to consolidate their activities in this market or replicate elements of the Ladder Model to seek other markets. This principle of growth echoes that of Andersen (1993), who pointed to the ability of companies to develop experiences in one market before generalising these experiences to other markets. This can be achieved through attending international trade shows to raise awareness in this new market, as well as developing network contacts specifically for the new market.

External to the Ladder Model are additional factors that can facilitate the increase in awareness or network contacts. This includes other themes identified in the thematic analysis, particularly *marketing*, *provenance* and *quality*, which can be used effectively to increase awareness of the company and its products. The use of effective digital marketing techniques through the company website and social media pages has been previously discussed at company level, however marketing through tourism could also be considered as an approach to raising product awareness. The use of company visitor centres at production sites (Everett, 2012) or selling products at local or regional events are examples of experiential marketing for tourists which could later initiate international sales. Provenance and quality are both integral in protected food names, which are seen as a quality mark for products with unique characteristics, and a means of differentiating products using their location. Seeking a protected food name status for their products can be a good way for companies to improve awareness and perceptions of their products.

Product awareness can also be enhanced in association with the regional reputation through 'Made in' logos. The example of the *Produit en Bretagne* association and brand was a prominent feature in interview responses, with many companies seeing the benefits of networking within the association and awareness of the regional logo. It has been seen that

the regional reputation of Brittany is strong for food, therefore the logo can be considered positive. With a growing reputation and awareness as a food producing region, Wales could potentially see benefits from the development of a '*Made in Wales*' type brand. Mixed opinions were provided towards this in the interviews, as was the case in the Kneafsey et al. (2001) study, with most concerns directed to the way in which such a brand would be designed and managed. Tregear and Gorton (2005) pointed to the importance of the gatekeepers of brand awareness in relation to Country-of-Origin. Different models exist to the development of regional brands, the *Produit en Bretagne* brand was developed by food producers and has retained its principles of being managed by producers throughout (Produit en Bretagne, 2016). An alternative approach is that of *Made in Cornwall*, which is managed by the local council (Cornwall Council, 2017). Regions, such as Wales, that are considering developing an origin brand should explore which model would best represent their region.

9.5 Conclusion

This chapter has provided a detailed interpretation of the results of this study, combining the findings of both the quantitative and qualitative phases. Firstly, the research questions of the study were answered, identifying the significance of location in relation to internationalisation, the role of diaspora networks and support measures, as well as identify barriers constraining internationalisation. Additionally, the benefits of place-based marketing and protected food names were explored. The findings of the study helped to confirm the conceptual framework established in chapter 4, with the themes and sub-themes derived from the thematic analysis pointing to the same factors of the framework, with the additional confirmation of the factor analysis confirming the validity of the scale questions. Following a cluster analysis which combined both quantitative and qualitative techniques, 4 company

types were developed to explain different approaches to internationalisation, these were the *Improbable Exporter*, the *Domestic Market Focussed* company, *Reactive Exporters* and *Proactive Exporters*. Accordingly, each company type was analysed and tailored support was earmarked for each type. Finally, the chapter outlined two models which could be used by all types of companies to help set them on a course for internationalisation, the Propeller Model, outlining the conditions in which internationalisation can be developed, and the Ladder Model, highlighting how internationalisation can be facilitated through awareness and networks on different levels.

The thesis concludes with the next chapter, which summarises the findings of the study, analyses its contribution, discusses limitations and provides a vision for the future direction of research in the field.

Chapter 10: Conclusion

Drawing the thesis to an end, this chapter provides conclusions to the study. At first, a summary of the results is outlined, leading to a focus on the contributions of this study to knowledge within the field. Additionally, the limitations of the study are recognised, as well as an identification of the necessary direction of future research in this field. The thesis culminates with the researcher's reflections on the study and the research process as a whole.

10.1 Summary of Results

Conclusions of the study state that almost all companies have the ability to internationalise, however differences are observed depending on the characteristics of the company. An extensive review of the literature on SME internationalisation and place-based matters led to the development of a conceptual framework for the internationalisation of food and drink SMEs (Figure 4.7) which was confirmed from the findings of the study (Figure 9.1). The aim of the study was to identify the critical success factors of internationalisation for food and drink SMEs and findings have shown that the elements of the conceptual framework confirm the critical success factors. These elements include owner-manager characteristics (including experience), company characteristics and the external environment (influencers as well as obstacles), as seen in International Entrepreneurship (Antoncic & Hisrich, 2000), resources, motivation, product (including Country-of-Origin products), networks and support.

Further exploration of these factors distinguished between four company types that identify companies according to their characteristics and their ability to internationalise, tailoring support measures to each company type. These include the *Improbable Exporters*, companies that are unlikely to export, either due to an incompatible product or due to low resources,

high barriers and a low desire to internationalise. The *Domestic Market Focussed* companies are better placed to internationalise and have greater access to support for this, but retain a focus on the domestic market. *Reactive Exporters*, companies that do not seek international growth, but take advantages of opportunities that come their way since access to support is available to achieve this, which minimises the perceived risk. Finally, *Proactive Exporters* actively seek opportunities in international markets and show a desire to expand the business internationally, although support and networks are still important in achieving this.

The findings of the study culminated in the formulation of two models aimed at helping food and drink SMEs to identify a roadmap to internationalisation. The Propeller Model firstly outlines 5 conditions in which internationalisation can be developed, notably through the product characteristics, company characteristics, motivation, access to resources and support. Without a suitable product, it is clear that internationalisation cannot occur, with the other elements of the model also important in creating the conditions for internationalisation. The overlapping nature of the model is significant, highlighting that relationships exist between the different elements, and at the heart of the propeller are the optimum conditions that can help influence internationalisation. Possessing all 5 elements of the model is rare, however, each element or combination of elements can improve the likelihood that the company can internationalise. These elements represent conditions which can be controlled, however, external to the elements of the model are environmental conditions which are more unpredictable and difficult to manage.

Finally, the Ladder Model focusses on facilitating international growth opportunities for the company through developing awareness of the company and its products, and building network connections. Established on company, local, national and international levels, both

awareness and network are based on ladders, with the company able to progress up each rung in its development of each element. Awareness can be developed through the company's marketing activities, such as through its website or social media pages, which can then grow on a local level through attending local markets and events. National shows and events increase awareness on a national level, leading to possibilities to engage with the government. Attendance at international trade shows and events is important in developing international awareness of the company, to which the government can play a vital role. Similarly networks can be developed on a company level through contacts possessed by company personnel, with the ability of the company to develop network connections on a local, national and international level linked to local, national and international trade shows and events. In a globalised world, the internet has facilitated the growth of awareness and network connections, meaning that the action of climbing each ladder is not a linear process. The ability to move from one rung to another is possible, leading to more rapid growth, as an alternative to the incremental growth of a step-by-step process. The use of different marketing techniques, including the use of provenance and quality markers, was also recognised as enhancing the facilitation of internationalisation.

10.2 Recommendations

Findings of this study suggest that companies of all characteristics have the potential to internationalise, with the exception of some companies whose products are incompatible to international sales. The development of company types and the two models discussed in chapter 9 underline that actions of the company and sources of support are important aspects in internationalisation, as such recommendations are made to companies and governments with the aim of enhancing possibilities for internationalisation.

Firstly, companies should pay more consideration to internationalisation. It is evident that international growth is not a natural thought for many companies in their plans for growth, with many SMEs seemingly considering themselves too small or lacking in capabilities. Even among current exporters, internationalisation is a more reactive process, with international buyers approaching the company. However, the study has shown that companies of all sizes, experience, location and characteristics have achieved successful internationalisation. With some companies concerned at losing business contracts, the ability of a company to sell to different buyers in different markets is a means for the company to spread the risk across several buyers, so that if one contract ends, the company is not solely reliant on one buyer.

It is true that the conditions in which a company operates have a bearing on the success of internationalisation, such as access to resources, networks and support. Companies can take a more proactive approach in developing the right conditions for internationalisation. The use of effective marketing, such as the company website and social media pages is an important means for raising awareness of the company, which is also relatively cost-effective and straight-forward for the company to do. Additionally, engaging with local networks has been seen as a valuable source of support to facilitate growth, both domestically and internationally. This can be done on a local or national level, depending on the circumstances, however, receiving support and sharing resources with other companies, local universities, government or other partners in local clusters is a means for bringing mutual benefits.

The government of a country or region plays a vital role in developing suitable conditions for successful internationalisation. Access to cluster networks or ecosystems of entrepreneurship can be facilitated by the government through providing funds, advice or facilities for such clusters to be able to develop. Establishing local business parks around the country or region

can help bring companies together, with the availability of premises for companies to use at readily-accessible locations. The role of the government should be one of a facilitator, with many interview respondents pointing to the value of support from other companies in their cluster network, particularly as these are built on relationships of trust. The *Produit en Bretagne* network in Brittany is a local network in which members saw benefits of having close relationships with other companies, as well as benefits in carrying the brand logo. The development of a similar brand in Wales has the potential to bring advantages to Welsh food producers, which could either be administered by the government or through an association established by producers themselves.

Support in attending international trade shows is a vital element in facilitating the internationalisation of SMEs, with several interview respondents stating that this was the most important way for them to raise awareness and develop network connections on an international scale. It is apparent that the governments in both Wales and Brittany were active in encouraging companies to attend trade shows, providing funding, exhibition space and logistics support. Funding is a particularly important part of the support that SMEs require in order to internationalise, with the majority of funds allocated through the government. For Wales, the context of Brexit has raised doubts over the continuation of current funding levels, given that Wales has received Structural Funds from the EU worth over £4bn since 2000 (Welsh Government, 2017a). However, plans for a Development Bank of Wales are welcomed to provide a focus to small businesses with investment of £1bn projected between 2017 and 2022 (Finance Wales, 2016), ensuring that funding can continue to support growth within SMEs.

Whether the role of the government is central to support and funding activities in the region or whether this is done through other sources, such as local chambers of commerce or independent providers, the government should take on a role as a facilitator in ensuring that the right opportunities are available to small businesses. Given that SMEs make up 99% of all companies in the European Union (European Commission, 2016), it is clear that small businesses are an integral part of the local economy, therefore government policies should ensure that the conditions for such businesses to operate and grow are suitable.

10.3 Contribution to Knowledge

The original contribution of this study is to identify and evaluate the critical success factors of internationalisation for food and drink SMEs. As the study focusses on the food and drink industry, an area that had seen little research within SME internationalisation, the study combines traditional theory on SME internationalisation with theories of place, given the close associations between food and its origins. Following a review of the literature in both fields, a conceptual framework was developed to outline the main critical success factors of internationalisation for food and drink SMEs. Findings of the study validated the framework, highlighting its value in explaining food and drink SME internationalisation, providing the main contribution of this study.

The second contribution of the study was the exploration of different company types. Findings from a cluster analysis pointed to distinctions between four company types, which explain different companies and their associations with internationalisation. The result of which was the identification of specific support requirements for such companies, a contribution that is of value to support providers, such as local network clusters, governments or independent support providers.

Additionally, the roadmap to internationalisation provides a valuable contribution to companies in their efforts to develop internationalisation. Findings of the study led to the formulation of two models, the Propeller Model highlighting significant conditions in which internationalisation can occur, and the Ladder Model, outlining how companies can facilitate internationalisation through increasing awareness and network connections. Both models provide a practical contribution from the findings of the study, pointing companies into the right direction in their approach towards internationalisation.

The study contributes to knowledge in the field of SME internationalisation both theoretically and methodologically. The study responds to calls for more mixed methods studies in the field, especially since the majority of studies on SME internationalisation favour quantitative methodology (Sousa et al. 2008). Fillis (2008) identified the need for a more pluralistic approach to studies on SME internationalisation, given the complexities of the field. The researcher shares this view and, based on a pragmatist worldview, recognises mixed methods as a suitable methodology for this study in order to provide a detailed analysis of the main issues that impact on internationalisation for food and drink SMEs, particularly since this is a research area that has seen little previous research, and the study brings two separate theoretical fields together. Despite the abovementioned recognition for studies using mixed methods, more recent research remains focussed on one methodology. Of the 11 studies related to food and drink SME internationalisation presented in table 4.1, only one study employed mixed methods, with several studies acknowledging the limitations of a limited sample size and lack of depth to the study by only following one methodology (such as Ibeh *et al.*, 2006; Testa, 2011; Ismail & Kuivalainen, 2015). As such, the use of mixed methods in this study seeks to overcome the limitations that these studies have identified.

10.4 Limitations

As with most research, this study is not without its limitations. The main limitation of the study relates to the sample. With no access to a full company database available in each region of study, the researcher was responsible for building the company databases, a process which involved extensive research in identifying and confirming companies that met the SME criteria. A range of sources were used in seeking information about the companies, such as publications, websites and accessible databases. In order to verify the continued activity of the companies, the Companies House website (UK) and INSEE (France) websites were accessed to ensure the relevance of the companies to the study. As a detailed and time-consuming process, there is a possibility that some relevant companies may have been overlooked in this process, meaning that the databases used for each region were not wholly representative of all companies in the region. However, the use of relevant sampling techniques in both phases of the study acts to ensure that a representative sample can be obtained from the data, allowing for results to be generalised across the total population.

Another sample limitation is the number of respondents in the quantitative phase of the study. With a total of 169 questionnaire responses obtained from the combined database of 810 companies, the response rate for this phase was 20.86%, a level lower than that recommended by Dillman (2000), lower than received by Fillis (2008) in a similar study and lower than the 29.7% response rate obtained from the pilot study. However, it is recognised by De Vaus (2002) that the response rate can vary depending on the context of the study. Although the overall response rate of the study can generally be considered acceptable, distinct differences are evident between the response rates of each region, with 107 responses in Wales (response rate of 23.73% out of 451 companies) outnumbering the 62 in

Brittany (response rate of 17.27% out of the 359 companies). The lower rate in Brittany is of concern, considering the difference that exists between Wales and Brittany shows a lack of balance, and that a 17.27% response rate can be considered low. Since the study does not follow a comparative approach, the combined response rate is acceptable for the study. The literature pointed to concerns over low response rates through online questionnaires (Hair *et al.*, 2007; Bryman, 2015), therefore the qualitative phase was considered a means to ensure that sufficient data was obtained in the study. With a total of 37 interviews, this underlines the depth of data obtained for the study.

10.5 Future Research

Given the specific focus of this study on SME internationalisation in the food and drink industry, it is apparent from this study that further research opportunities lie in investigating SME internationalisation within certain industries to account for industry-specific factors. The researcher echoes calls from Fillis (2008) for more industry-focussed research, as this study has shown that specificities exist in the food and drink industry, rendering generalised multi-industry research into SME internationalisation incomplete in explaining the relevant factors. Following this study, future research should seek to evaluate the conceptual framework established for the internationalisation of food and drink SMEs in the context of different markets. Here, the study focusses on two culturally similar markets, where the culture is a considerable element in the way that food products are marketed. Studies, therefore, should seek to investigate the relevance of the conceptual framework in markets where the reputation for food products is not as pronounced, or where the role of culture is not as prominent a feature in the marketing of the products. As a result, replicating this study in an emerging market, such as Brazil, would provide invaluable observations.

The literature review identified different issues that had been overlooked in relation to SME internationalisation, as a result, future research should consider investigating the issues tackled by the research questions of this study. This includes investigating different location effects, diaspora networks, support and barriers to internationalisation, which are not industry-specific and can therefore be considered in more generalised studies. Location effects should consider whether there are differences in the ability to internationalise of rural or urban-located companies. The use of networks has been an integral part of SME internationalisation studies, however the emergence of diaspora networks is relatively recent, and their role in internationalisation merits greater scrutiny. Support for SMEs is evident in many forms, derived from governments, expert consultants, organisations such as local chambers of commerce, or, as this study as shown, from local cluster networks. As a result, a more in-depth investigation of support measures for internationalisation is warranted. Similarly, the changing nature of barriers to internationalisation would also benefit from further research, as different challenges emerge, one more recent example being Brexit.

The two remaining research questions of the study represent areas of greater research in relation to place. Firstly, a study of the significance of protected food names and their influence on internationalisation, secondly, the use of origin-based brands as a means of influencing internationalisation. Bowen and Bennett (2016) offer a study on the latter, with future research needed in regions with a lesser reputation for food.

Finally, the researcher would encourage future studies to embrace a more holistic methodological approach, as this study has done, with a view to placing a greater emphasis on the context of company experiences related to internationalisation. Additionally, the

researcher would welcome considerations for new methodological approaches in the field to move away from the overreliance on quantitative methods.

10.6 Reflections on the Research

As previously mentioned, the PhD process is considered a formative period in which research skills can be developed. The use of mixed methods has enabled the researcher to build competencies in different methodologies, including different statistical analysis techniques, exploratory thematic analysis and cluster analysis. Reflecting on the study, the process has been valuable in shaping the researcher's pragmatist philosophy towards research and reaffirmed a desire not to be labelled as a researcher only following a particular methodology, instead favouring the idea of the 'what works' approach (Creswell & Plano Clark, 2011), where the nature of the study determines the type of methodology used. This has been seen in studies the researcher has conducted in parallel with the PhD in cooperation with colleagues, such as Bowen and Bennett (2016) following action research methods, or Bennett and Bowen (2017), a purely qualitative study.

It is true that the PhD process has been a rollercoaster, but a worthwhile one that has reaffirmed the researcher's desire to pursue a career in research and establish oneself in the specific field of this research. At the same time, the researcher has developed a vision for the direction of future research, based on the proposed future research set out in section 10.4. Reflexivity has helped with this process, with a reflective diary being kept during the interview process in which thoughts and ideas were documented for later appreciation. Reflective practice was embedded within the research process of this study, with the researcher engaging in periods of reflection and conducting several drafts of the various frameworks and models developed within the study, aimed at achieving appropriate results.

The conclusions of the study have brought a feeling of pride and a sense of impact that the study can have a positive effect on improving opportunities for internationalisation within food and drink SMEs. Additionally, the researcher has greatly appreciated the opportunities to present aspects of the research and engage with fellow researchers at conferences, with 12 conference presentations being made over the duration of the PhD process.

10.7 Food and Drink SME Internationalisation: A Recipe for Success

The study set out to identify critical success factors of the internationalisation of food and drink SMEs, infusing research on SME internationalisation with issues relating to place. It is evident that both preparation and cooking times can vary for internationalisation depending on the nature of the ingredients, however results have shown that a recipe for success can be followed. The key ingredients are a suitable product, a dash of motivation a sprinkling of resources, a suitable dose of owner-manager characteristics, a pinch of company characteristics and the right amount of environment factors, being sure to avoid too many environment obstacles. Finally, season with enough support and network connections, leave to simmer and wait for the mixture to mature. Cooking time can be rapid with the right mixture on a high heat, however, the right results are often achieved when cooking occurs slowly with heat increasing in stages.

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Publications Originating from this Study

Papers in Progress:

Bowen, R., Bennett, S., Marggraf-Turley, R. Selling places: Using place-based marketing to promote regional produce: The case of Rhondda Cynon Taf

Bennett, S., Bowen, R. Brexit: Implications for the Welsh Food and Craft Industries

Davies, F., Morris, W., Bowen, R. Assuring quality: A stakeholder approach in differentiating Welsh Lamb

Bowen, R., Low, T., Perdakis, N. Location effects on SME internationalisation: Comparing Wales and Brittany

Bowen, R. Defnyddio lleoliad i greu gwerth yn y diwydiant bwyd a diod

Conference Papers:

Bowen, R. 2017 Location effects on SME Internationalisation: Comparing Wales and Brittany, *ISBE 2017, Belfast, 08/11/2017 - 09/11/2017*. (Peer reviewed)

Bennett, S., Bowen, R. Brexit: Implications for the food and craft industries, *WISERD Annual Conference, Bangor, 06/07/2017*

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Appendices

Appendix A: List of Variables and the study from which they have been derived

Variable	Label	Dimension	Previous Studies
Independent	independent	Company Characteristic	
Company Age	comp_age	Company Characteristic	BIS (2013), Reuber & Fischer (1997), Zahra & George (2002)
Company Size	comp_size	Company Characteristic	Majocchi et al (2005), BIS (2013), McNaughton (2003), White et al (1998), Reuber & Fischer (1997)
Company Location	comp_loc	Company Characteristic	BIS (2013), Dana 2003, Freeman et al. (2012), Ibrahim 2004
International Business Strategy	int_bus_strat	Company Characteristic	Katsikeas et al (1996), Lado et al (2004), Wolff & Pett (2000)
Foreign Languages	for_lang	Resources	Czinkota & Ursic (1991), Reuber & Fischer (1997), Lautanen (2000)
Foreign Market Knowledge	for_mark_know	Resources	Gray (1997), Knight & Cavusgil (2004), Johanson & Vahlne (2009)
Staff with International Experience	Staff_int_exp	Resources	Madsen & Servais (1997), Reuber & Fischer (1997)
Financial Resources	fin_res	Resources	Knight & Cavusgil (2004)
Technology	tech	Resources	Suarez-Ortega and Alamo-Vera (2005), Georganas (2004)
Business Network Connections	bus_net	Resources	OECD (2013), Hollensen (2014), Johnanson & Vahlne (2011)
Unique Resources	unique_res	Resources	Akoorie & Enderwick (1992), Akhter & Robles (2006)
Innovative Product	innovative_prod	Product	Suarez-Ortega and Alamo-Vera (2005), Leonidou et al (1998), Czinkota & Ronkainen (2006)
Adaptable Product	adaptable_prod	Product	Dean et al. (2000), Peng (2001)
Competitive Product	competitive_prod	Product	Sterns & Peterson (2001), Hollensen (2014)
Cultural Identity Product	cult_identity_prod	Product COO	Fournier (1998), Tregear et al. (1998), Barham (2003) , Pike (2009), Kneafsey et al. (2001)
Product Branding Based on Origin	prod_coo_brand	Product COO	Kneafsey et al. (2001), Pike (2009), Testa (2011)
Product Branded with Iconography of the Region	prod_icon	Product COO	Tregear et al. (1998), Castree (2001), Kneafsey et al. (2001), Pike (2009), Testa (2011)
Product Possesses a PDO/PGI Status	prod_pgi	Product COO	Gracia & Albisu (2001), Pike (2009), Tregear et al. (2015)
Region Considered to have a Good Reputation	reg_rep	Product	Roth & Romero (1992), Kneafsey et al. (2001), Imene et al. (2012)

Domestic Market Demand Shortage	dom_demand_short	Environment Influencers	Katsikeas et al (1996), BIS (2013), Rasmussen et al. (2001), Crick (2004), Hollensen (2014)
Receipt of Unsolicited International Orders	unsol_int_order	Environment Influencers	Katsikeas et al (1996), Sterns & Peterson (2001), Hollensen (2014)
Awareness of Opportunities for Growth	aware_growth_opps	Environment Influencers	Katsikeas et al (1996), Czinkota & Ronkainen (2006), Hollensen (2014)
Access to International Help	int_support	Environment Influencers	OECD (2013), Westhead et al. (2004), Sousa et al. (2008)
Access to Broadband Internet	broadband_acc	Environment Influencers	Sparkes & Thomas (2001), Gabrielsson & Kirpalani (2012), Hollensen (2014)
Lack of Financial Resources	fin_res_comp	Environment Obstacles	OECD (2013), Dean et al (2000), Hollensen (2014)
Company has limited Foreign Market Information	foreign_mark_info	Environment Obstacles	OECD (2013), Katsikeas et al (1996), Suarez-Ortega and Alamo-Vera (2005)
Difficulty with Logistics/Distribution	log_diff	Environment Obstacles	OECD (2013), Katsikeas et al (1996), Dean et al (2000)
Lack of Company Personnel	comp_personnel	Environment Obstacles	OECD (2013), Katsikeas et al (1996)
Lack of Time	comp_time	Environment Obstacles	OECD (2009), European Commission (2007)
Company not Innovative Enough	comp_innov	Environment Obstacles	OECD (2013), Etemad (2004)
Unfamiliar with Foreign Market Legal Practices	legal_diff	Environment Obstacles	OECD (2013), Theodisou and Leonidou (2003), White et al (1998), Dean et al (2000)
Lack of Support/Incentives from Home Country	int_incentive	Environment Obstacles	OECD (2013), Katsikeas et al (1996), Dean et al (2000), Hollensen (2014)
Strong International Competition	int_comp	Environment Obstacles	OECD (2013), Katsikeas et al (1996), Suarez-Ortega and Alamo-Vera (2005)
Political Differences in Foreign Market	pol_diff	Environment Obstacles	OECD (2013), Theodisou and Leonidou (2003), White et al (1998)
Cultural Differences in Foreign Market	cult_diff	Environment Obstacles	OECD (2013), Theodisou and Leonidou (2003), White et al (1998), Suarez-Ortega and Alamo-Vera (2005)
Considered Too Big a Risk	too_big_risk	Environment Obstacles	OECD (2013), Leonidou et al (1998), Dean et al (2000)
Company Lacks Sufficient Production Capacity	production_cap	Environment Obstacles	Czinkota & Ronkainen (2006), Hollensen (2014)
Product Unable to meet Foreign Customers Demand	prod_demand	Environment Obstacles	Hollensen (2014)

Business Cooperation	bus_coop	Network	Martinez-Roman and Romero (2013), Ford (2002), Barney (2001), Freel & Harrison (2006)
R&D Cooperation	r&d_coop	Network	Martinez-Roman and Romero (2013), Ibeh et al. (2006), Etemad (2004)
Expatriate Contacts	expat_contact	Network	Camara & Simeos (2008), Kumar & Steenkamp (2013)
Aware of Support for Internationalisation	support_aware	Support	OECD (2013), Keeble (1993), Leonidou (1995), Crick & Czinkota (1995)
Distributors	distrib	Support	Johanson & Vahlne (1990), Mtigwe (2006), Isenberg (2011)
Overseas Market Agents	overs_mark_agent	Support	Johanson & Vahlne (1990), Mtigwe (2006), Kuhlmeier & Knight (2010), Isenberg (2011)
Government	gov	Support	OECD (2013), Isenberg (2011), Andersen & Evangelista (2006)
Local University	local_uni	Support	Isenberg (2011)
Expert Consultants	exp_consultant	Support	OECD (2013), Johanson & Vahlne (1990), Isenberg (2011)
Banks	banks	Support	Johanson & Vahlne (1990), Isenberg (2011)
Chamber of Commerce	chamber_com	Support	Isenberg (2011)
Foreign Market Information	support_mark_info	Support Aspects	OECD (2013), Suarez-Ortega and Alamo-Vera (2005)
Access to International Trade Fairs/Exhibitions	support_trade_fair	Support Aspects	OECD (2013)
Financial Support	support_financial	Support Aspects	OECD (2013), Isenberg (2011), Westhead et al. (2004)
Access to Training for Company Personnel	support_training	Support Aspects	OECD (2013), Freeman & Styles (2012), Sterns & Peterson (2001)
Access to R&D/Technological Support	support_r&d	Support Aspects	Etemad (2004), Ibeh et al. (2006)
Facilitating Networking with Partners	support_network	Support Aspects	Wilson (2006), Gellynck et al. (2006)
Company Open to Risks	risk	Company Motivation	Martinez-Roman and Romero (2013), Oviatt & McDougall (2005)
Actively Seek Internationalisation	seek_int	Company Motivation	Crick (1995), Leonidou (1998), Delaney (2004), Oviatt & McDougall (2005)
Intention to Internationalise from Day One	intent_int	Company Motivation	McKinsey (1993), Rennie (1993), Oviatt & McDougall (1994), Zhou et al. (2010)
Internationalisation as Response to International Demand	resp_int_demand	Company Motivation	Katsikeas et al. (1996), Hollensen (2014)

Encourage to Internationalise by Government Institution	int_gov_inst	Company Motivation	Sterns & Peterson (2001), Etemad & Chu (2004), Caiazza (2016)
Encourage to Internationalise by Business Partner	int_bus_part	Company Motivation	Capello & Faggian (2005), Caiazza (2016)
NON-EXPORTERS Considered Internationalisation	NON_consider_int	Company Motivation	
NON-EXPORTERS No Intention to Internationalise	NON_no_intent	Company Motivation	Czinkota (1982), Rao & Naidu (1992)
Company Director Gender	dir_gender	Owner/Manager Characteristics	Manalova et al. (2002), Anderssen & Evangelista (2006)
Company Director Age	dir_age	Owner/Manager Characteristics	Martinez-Roman and Romero (2013), BIS (2013), Suarez-Ortega and Alamo-Vera (2005), Anderssen & Evangelista (2006)
Company Director Qualification	dir_qual	Owner/Manager Characteristics	BIS (2013), Suarez-Ortega and Alamo-Vera (2005)
Company Director Business Qualifications	dir_bus_qual	Owner/Manager Characteristics	Martinez-Roman and Romero (2013)
Live Abroad	dir_live_abroad	Owner/Manager Experience	Suarez-Ortega and Alamo-Vera (2005), Reuber & Fischer (1997), Hutchinson et al. (2006)
Study Abroad	dir_study_abroad	Owner/Manager Experience	Madsen & Servais (1997), Anderssen & Evangelista (2006)
Work Abroad	dir_work_abroad	Owner/Manager Experience	Reuber & Fischer (1997), Hutchinson et al. (2006)
Business Travel Abroad	dir_bus_travel_abroad	Owner/Manager Experience	Leonidou et al (1998), Reuber & Fischer (1997), Hollensen (2014)
Work for Foreign Company	dir_work_for_comp	Owner/Manager Experience	Reuber & Fischer (1997), Hutchinson et al. (2006)
Work with International Partners	dir_work_int_partner	Owner/Manager Experience	Reuber & Fischer (1997), Hutchinson et al. (2006)
Internationalise to Grow Company	int_grow_comp	Owner/Manager Motivation	Martinez-Roman and Romero (2013), Czinkota & Ronkainen (2006), Hollensen (2014)
Internationalise to Increase Profits	int_incr_profit	Owner/Manager Motivation	Martinez-Roman and Romero (2013), Czinkota & Ronkainen (2006), Hollensen (2014)
Take Advantage of International Opportunities	int_mark_opp	Owner/Manager Motivation	Martinez-Roman and Romero (2013), Czinkota & Ronkainen (2006), Hollensen (2014)
Domestic Market too Competitive	int_dom_mark_comp	Owner/Manager Motivation	Martinez-Roman and Romero (2013), Czinkota & Ronkainen (2006), Hollensen (2014)
Sell Products in Foreign Markets	sell_for_mark	DEPENDENT VARIABLE	

Appendix B: Questionnaire Invitation Letter

Annwyl/Dear

I'm writing to invite you to participate in my current research into small food and drink businesses in Wales and Brittany, a funded project which I am conducting at Aberystwyth University. I would be extremely grateful if you could spare some time to answer a short questionnaire, the aim of which is to impact on government policy towards supporting Welsh companies.

As a company with a unique food product from Wales, the responses that your company could provide would be particularly valuable to the study. The survey should take no longer than 15 minutes to complete and all responses provided will remain anonymous. Your company name is asked only as a means of monitoring participation.

The survey can be accessed either in English or Welsh through the links below:

Link: <https://aber.onlinesurveys.ac.uk/sme-internationalisation> (English)

Link: <https://aber.onlinesurveys.ac.uk/rhyngwladoli-busnesau-bychain-a-chanolig-2>
(Cymraeg)

For more information about the study, please feel free to contact me or visit my website: www.robertbowen.weebly.com. I would be happy to provide you with a report of the findings at the end of the study.

Thank you in advance/Diolch yn fawr iawn am eich help

Robert



SME Internationalisation

Thank you for agreeing to participate in this survey.

You have been invited to take part because your responses would be extremely valuable to the study, whether you are involved in internationalisation or not.

Some questions concern internationalisation, which refers here to the sale of products or services in foreign markets.

Company Information

What is the name of the company?

Are you an independent company?

☐ Yes

☐ No

If No, what is the location of your parent company?

How old is the company?

☐ 0 - 2 years

☐ 3 - 5 years

☐ 6 - 10 years

☐ 11 - 20 years

☐ 21 years or more

How big is the company?

☐ 1 - 9 employees

☐ 10 - 49 employees

☐ 50 - 249 employees

☐ 250 employees or more

Where is your company's main site located?

☐ Rural area ☐ Small Town ☐ City

Please indicate your agreement with the following statement: *We feel that we sufficiently possess the following resources to internationalise*

Please don't select more than 1 answer(s) per row.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
Foreign languages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign market knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Staff with international experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business network connections	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unique resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

My company has an appropriate international business strategy.

☐ Strongly Disagree ☐ Disagree ☐ Neither Agree nor Disagree
☐ Agree ☐ Strongly Agree

Does your company currently sell its products in foreign markets? * Required

☐ Yes ☐ No

Exporters

What percentage of your sales is in international markets?

- ☐ 0-5%
- ☐ 6-10%
- ☐ 11-20%
- ☐ 21-50%
- ☐ More than 50%

We consider that internationalisation has been successful for the company.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree nor Disagree
- ☐ Agree
- ☐ Strongly Agree

Please indicate your company's main mode of internationalisation.

- ☐ Direct export
- ☐ Indirect export (sale of products in other markets through agents, distributors or other companies)
- ☐ Licensing/Franchising
- ☐ Partnership with another domestic company
- ☐ Joint venture/Strategic alliance

Where do you sell your products? (Please select all relevant options below).

- ☐ Europe
- ☐ Middle East
- ☐ Africa
- ☐ Asia
- ☐ North America
- ☐ South America
- ☐ Oceania

Please indicate your agreement with the following statements:

Please don't select more than 1 answer(s) per row.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
In general, the company is open to taking risks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We actively seek to sell our products in foreign markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It was our intention to internationalise from day one	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internationalisation occurred as a response to international demand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We were encouraged to internationalise by a government institution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We were encouraged to internationalise by a business partner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Non-Exporters

Has your company considered internationalisation?

☐ Yes ☐ No

Please indicate your agreement with the following statements:

Please don't select more than 1 answer(s) per row.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
In general, the company is open to taking risks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We actively seek to sell our products in foreign markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It was our intention to internationalise from day one	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We will internationalise if demand arises from international markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We are being encouraged to internationalise by a government institution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We are being encouraged to internationalise by a business partner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company has no intention of selling its products in foreign markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Product

Please indicate your agreement with the following statements:

Please don't select more than 1 answer(s) per row.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
We consider our product to be innovative within the context of the market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We consider our product to be adaptable to other markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We consider our product to be competitive compared to other similar products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We consider our product to have a strong cultural identity representative of the company's region of origin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The product branding is based upon the local culture of the company's region of origin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our product is branded with logos or images depicting the region of origin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We consider our product to be one of good quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Does your product have European Protected Designation of Origin (PDO) or Protected Geographical Indication (PGI) status?

☐ Yes

☐ No

We consider that products from our region of origin are perceived to have a positive reputation across the world.

- ☐ Strongly Disagree ☐ Disagree ☐ Neither Agree nor Disagree
☐ Agree ☐ Strongly Agree

External Environment

How significant do you perceive the following factors to be as influences to the internationalisation of your business?

Please don't select more than 1 answer(s) per row.

	Very Insignificant	Insignificant	Neutral	Significant	Very Significant
Demand shortage of the product in the domestic market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receipt of unsolicited international orders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Awareness of opportunities for growth in foreign markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business cooperation (e.g. membership of business networks)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
R&D cooperation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support and advice on how to internationalise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to broadband internet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Having contact with Welsh or British expatriates in foreign markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

How significant do you perceive the following factors are as obstacles to the internationalisation of your business?

Please don't select more than 1 answer(s) per row.

	Very Insignificant	Insignificant	Neutral	Significant	Very Significant
The company lacks financial resources to invest in internationalisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company has limited information about the foreign market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company has difficulty with distribution/logistics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company lacks personnel required for internationalisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company lacks necessary time to commit to internationalisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company's product isn't innovative enough to compete internationally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unfamiliarity with legal practices and paperwork in the foreign market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of support or incentives to internationalise in home country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strong international competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Political differences in the foreign market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cultural differences in the foreign market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Considered too big a risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company lacks sufficient production capacity to internationalise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The product is unable to meet the demands of customers in foreign markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Support

My company is aware of public support programmes which promote internationalisation (either local, regional or national).

- ☐ Strongly Disagree ☐ Disagree ☐ Neither Agree nor Disagree
☐ Agree ☐ Strongly Agree

Please assess the significance of the following support groups in facilitating the internationalisation process.

Please don't select more than 1 answer(s) per row.

	Very Insignificant	Insignificant	Neutral	Significant	Very Significant
Distributors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overseas market agents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Government (local, regional or national)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local university or higher education institution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Expert consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Chamber of Commerce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please assess the significance of the following government support measures in helping a company internationalise.

Please don't select more than 1 answer(s) per row.

	Very Insignificant	Insignificant	Neutral	Significant	Very Significant
Foreign market information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to international trade fairs/exhibitions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial support for internationalisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to training for company personnel aimed at internationalisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to R&D or technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Facilitating networking/contact with potential international business partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Company Owner/Manager Profile

What is the gender of the company Owner/Manager?

- ☐ Male ☐ Female

How old is the company Owner/Manager?

- ☐ 18-24 ☐ 25-34 ☐ 35-44
☐ 45-54 ☐ 55-64 ☐ 65 and over

What is the highest level of education of the company Owner/Manager?

- ☐ None ☐ GCSE/A-Levels ☐ Vocational Qualification
☐ Undergraduate Degree ☐ Postgraduate Degree

Does the company Owner/Manager possess any business qualifications?

☐ Yes

☐ No

Has the company Owner/Manager...?

Please don't select more than 1 answer(s) per row.

	Yes	No
Lived abroad	<input type="checkbox"/>	<input type="checkbox"/>
Studied abroad	<input type="checkbox"/>	<input type="checkbox"/>
Worked abroad	<input type="checkbox"/>	<input type="checkbox"/>
Had business travels abroad	<input type="checkbox"/>	<input type="checkbox"/>
Worked for a foreign company	<input type="checkbox"/>	<input type="checkbox"/>
Worked with international partners	<input type="checkbox"/>	<input type="checkbox"/>

Please indicate your agreement with the following statements:

Please don't select more than 1 answer(s) per row.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
I want to internationalise to help the company grow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want to internationalise to increase profits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want to internationalise to take advantage of international market opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want to internationalise because the domestic market is too competitive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thank you very much for taking the time to complete this questionnaire. Your participation is greatly appreciated.

Appendix D: Interview Invitation Letter

Dear/ Annwyl

I am contacting you with regard to my study on SMEs in the food and drink industry, in which you kindly participated at the beginning of the year. If possible, I would be very grateful if I could visit your company to conduct a follow-up interview with a representative of the company, which would be very useful to my research.

Your company is particularly interesting to my study because you sell your products in international markets and the objective of my research is to better understand internationalisation in order to offer support to SMEs. The will include questions on your experiences in internationalisation and is envisaged to last 30-60 minutes depending on the answers. All information obtained will be anonymous.

Thank you in advance for your cooperation/ Diolch yn fawr iawn am eich cymorth

Kind regards/ Cofion cynnes

Robert Bowen

Appendix E: Interview Guide Exporters

Section 1: General Questions (Introduction)

1. Can you tell me about your company's internationalisation activities?
 - a. Where does your company sell its products in international markets?
 - b. How does your company internationalise? What method?
 - c. Why did your company decide to internationalise?

Section 2: The Company

1. Does your company possess any significant resources that you think facilitate the internationalisation?
 - a. The Owner-manager?
2. In your opinion, what differentiates your company from other similar companies?
 - a. In your opinion, how innovative is your company?
3. In your opinion, how significant is the location of your company in its internationalisation?
 - a. Does your company use its location as a means of differentiating its offering?

Section 3: The Product

1. In your opinion, what are your products' Unique Selling Proposition?
2. Does the product make use of any quality marks, such as PGI or PDO?
 - a. Do you think these are significant in enabling/facilitating internationalisation?
 - b. Region of origin logo? How significant is this?

Section 4: The External Environment

1. Would you consider your approach to internationalisation to be proactive or reactive?
2. Has your company developed any key relationships or networks in internationalising?
3. Do you consider internationalisation to be a risk for a small food business? Why?

Section 5: Support

1. To what extent has your company received support in internationalising?
 - a. What type of support? How significant issue it?
 - b. Where has this support come from? Is this the only source of support?

Section 6: General Questions (Concluding)

1. What do you consider to be the biggest challenge in pursuing internationalisation?
2. Has the company's internationalisation evolved since it started exporting? How?
3. What effect do you think the EU referendum vote would have on your internationalisation?
4. What advice would you give to similar business in the food and drink industry interested in seeking internationalisation?

Appendix F: Interview Guide Non-Exporters

1. In your opinion, what are that main challenges for a food and drink SME to internationalise?
2. What factors do you think are preventing your company from internationalising?
3. What factors do you think would lead to the internationalisation of your company?
4. Are you aware of support to help you internationalise?
 - a. From which sources?
5. What type of support do you think would facilitate internationalisation?

Appendix G: Exporters' First Cycle Codes

First Cycle Codes: Exporters
Limited resources
Risk
Business networks
Spread the risk across customers
Demand for the product
New product development
Awareness of maintaining brand image
Business experience
Local food network
Unique company narrative
International trade shows
Support to attend trade shows
Reactive internationalisation
Distributors
Adapt products to international markets
Main focus on domestic market
Avoid risk
Long-term internationalisation strategy
Lack of time for export
Encouraged to attend trade shows
Represented at trade shows by an independent association
Attended trade shows through government support
Limited financial resources
Financial support from government to attend trade shows
Develop business network through trade shows
Received advice from local support groups
International demand for products
Tourism – increased awareness
Sales request through internet
High cost of postage limits internet sales
Lack of experience – support essential
Support available from competitors
Unique product
Growing interest from large retailers to stock regional products
Government needed to help get regional products onto supermarket shelves
National tourism agency encouraging use of local products in hotels
Quality products
Strongly Welsh products
Selling products at tourism locations – increase in product awareness
Interest from international markets
Opportunistic approach to internationalisation

Opportunities for export into EU single market
Brexit
Iconic/historic product
Provenance important for the product
Question mark over Made in Wales logo
Potential for overuse of Welsh branding to devalue the offering
Considering protected food name
Planning necessary
Appropriate marketing necessary
Export is expensive
Develop relationships
Proactively seeking internationalisation
Complicated export process for some countries
Strong regulations in some markets
Shelf life of certain products not suitable for export
Make contacts at trade shows
Product used an ingredient in other products – relationships with other companies
Seeking development of local food brand
Conduct funded research projects
Questions over brand recognition
Location central to the company identity and narrative
Lack of recognisable products from the region
Protected food name – quality, marketing, product protection
Perceived isolated location
Lack of broadband access
Small companies lack confidence
Market knowledge and awareness important
Company developed own model of internationalisation
Need to promote local food products in the home market
Home market a priority before export
Distributors deal with main challenges of export
Receive orders over the internet
Awareness of products is essential
Several sources of support
Cluster group of local companies
Growing demand by supermarkets for local products
Possible limited awareness of Wales outside of Europe
Use of Welsh iconography/culture on packaging
Awards – quality
Provenance important for independent stores
Need to be proactive in seeking help
Networking and Word of Mouth important in export
Saturated domestic market drives company to seek internationalisation growth
Export further than EU is expensive

Company lacks personnel to dedicate to export
Advantages of Welsh stand at trade shows – effective promotion
Growing Welsh reputation for food
Proactive internationalisation strategy
Export takes time – patience needed
Initial export to geographically/culturally close country
Company website - awareness
Diaspora network
EU markets – premium prices
Need to diversify product range
Support needed in dealing with paperwork
Raise awareness of company commitment to export
Conditions of sale – customer to deal with logistics
Company seeks to stay small and have sustainable growth
Maintain focus on local sales
Learn from local sales before exporting
Online shop
Demand from famous shops in London – awareness to tourists
Connections with chefs
Need to add value to products
Trade shows – research new trends in the industry
Mentoring programmes support businesses
Logistics problems
Personal touch necessary in developing relationships
Marketing – need to develop an emotional attachment to the product
Isolated locations not a barrier to internationalisation
Social media – increases awareness
Small artisanal producer – unique narrative
Company motivation to grow
Important to express the right message

Appendix H: Non-Exporters' First Cycle Codes

First Cycle Codes: Non-Exporters	
Domestic market growth	Seeking to secure UK supermarket contract
No desire to internationalise	We would need to expand
Product issue	We don't have the space
International competition	Company is too small
Lack of resources	Not ethically right to export
Confusing product identity	Production too small to supply export
Incompatible markets	Export isn't suitable for all businesses
Need network contacts	Need for investment in technology in Wales
Lack of product awareness	Want to retain artisanal feel to the product
Lack of distribution capacity	We have tried but failed
Lack of time	Need to raise awareness through trade fairs
Lack of support	Potential in culturally similar markets
Need help from the Welsh Government	Strong Welsh identity
Lack of financial support	PGI status sought
Bureaucracy	Need an international strategy
Legislation stifling opportunities	Awaiting approval from a partner
Cost	Need a distributor
Need support from independent consultants	Need to turn contacts into orders
Lack of trust	Need product specialisation
Customs obstacles	Need value-added products
Location disadvantages	Need more generic products
Company is too young	Product shelf life too short
Lack of expertise	Product not international
Competition	Need better marketing